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NEWS SUMMARY

GENERAL

Africa: Owen to try yet again

Britain and the U.S. are to continue efforts to convene a round table conference on Rhodesia by sending what appears to be a semi-permanent mission of officials to Africa to negotiate with the warring parties in the dispute.

Dr. David Owen, Foreign Secretary, told the Commons that were Britain and the U.S. to give-up the present attempt to negotiate a settlement, the consequences would be immediate and grave, leading possibly to civil war between black nationalist groups. Back. Parliament, Page 9. Feature, Page 20

In South Africa three black leaders were arrested by security police at their homes in the Soweto township near Johannesburg.

Raid on Angolan mining town

South African defence minister said that troops had launched a limited offensive against SWAPO guerrillas inside Angola. The Angolan Defence Ministry accused South African paratroops of occupying the mining town of Cassinga. The attack has raised the possibility of intervention by the UN Security Council. Page 4

Lebanon appeal

Lt.-Gen. Emmanuel Erskine, commander of the U.N. peace-keeping force in south Lebanon called on Palestinians to impose stricter control on their forces. Page 4

Italian shooting

Terrorists gunned down and wounded in the legs Sig. Valerio Degli Innocenti, a Sit-Siemens executive in Milan last night and the manager of the state steel company Italsider was also shot and wounded in Genoa. The Red Brigades have claimed responsibility for both shootings.

London fills up

London is putting up House Full signs at its hotels this week-end. The sudden rush for rooms is due to the need of conference delegates, Ascension week-end tourists from Europe and Cup final visitors.

Jubilee £16m.

Prince Charles said he was "flabbergasted" that the Queen's Silver Jubilee Appeal had raised £16m.—"very likely a record in Britain for any particular appeal."

Caplan in chains

Dr. Gerald Caplan, 46, the British financier, who faces extradition from the U.S. to Britain over £2.4m. theft charges was put in leg irons while undergoing tests in hospital, his lawyer complained in Los Angeles.

Boeing mishap

Britannia Airways Boeing 737's undercarriage burst into flames at Luton Airport last night after arriving from Dusseldorf, causing 124 passengers, including two babies, to escape by emergency chutes. No one was injured.

Briefly . . .

Whistone Spark, a 35—1 chance won a sub-standard 1,000 Guineas at Newmarket. To-day's Racing, Page 18

A security guard was shot and wounded during an attempted robbery by three armed raiders outside Lloyds Bank in Broadway, Debden, Essex.

Mr. Mikhail Sytenko, 59, head of the Soviet Foreign Ministry's Near East department, is to take over the UN Under-Secretary-General's post vacated by Mr. Arkady Shevchenko.

Israel observed Holocaust Day, the annual commemoration of the death of 6m. Jews killed under National Socialist rule in Germany.

The Premium Bond £100,000 prize in the May draw has been won by the holder of No. 9VK 333783 who lives in Kent.

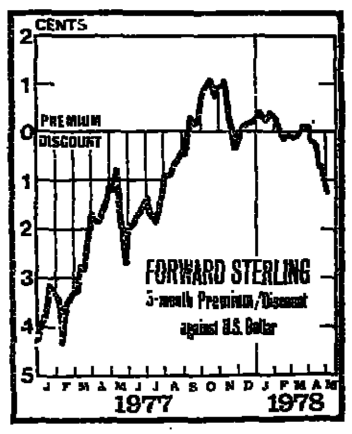
BUSINESS

Equities up 2.7; Gilts mixed

● EQUITIES responded to Bank of England indications about Minimum Lending Rate, and after rising 6.7 in the afternoon, the FT Ordinary index closed 2.7 up at 474.6, its best closing level since January.

● GILTS were mixed with slight falls towards the close, and the Government Securities index fell 0.02 to 71.40.

● STERLING rose 30 points to $1.8285, in quiet trading. Interest centred on forward sterling. The pound's trade-weighted index closed unchanged at 61.5, while the dollar's depreciation widened to 5.36 per cent. (5.06).



● GOLD closed $2¾ up in London at $173¾ and the New York Comex May settlement price rose $1.90 to $173.40.

● WALL STREET closed 4.42 down at 824.41.

● U.S. money supply, M1, rose to $346.4bn. from $344.7bn., and M2 to $829.4bn. from $827.7bn.

● U.S. WHOLESALE prices last month rose 1.3 per cent., their biggest rise for three years. Back Page

● JAPANESE Prime Minister speaking in New York has urged the U.S. to make more use of expanded export opportunities in Japan. Back Page

● CANADA is arranging an eight-year standby credit with international banks of up to $3bn., instead of the $1bn. to $1.5bn. expected initially. Page 4

● MR. HEALEY is expected to secure a narrow victory in the Commons on Monday over Tory plans to cut the standard rate of income tax. Back Page

● NEB CHAIRMAN has warned that the Board could not operate effectively if the Auditor-General were to carry out an investigation of the NEB books. This coincides with publication of the Board's annual report, which shows an overall pre-tax profit of £34.3m. in 1977, excluding British Leyland. At the same time, the Board has approved Rolls-Royce's long-term development strategy. Back. Pages 6 and 7; Editorial comment, Page 20

● BRITISH RAIL will need to increase investment by 30 per cent. a year in the decade from 1981 to maintain assets, BR chairman has said. Back Page

● BRITISH LEYLAND has offered revised redundancy terms to the 3,000 men who will lose their jobs when the Triumph plant at Speke closes next month, but has made the deal conditional upon peaceful closure of the factory. Back Page

● TGWU members have rejected a proposed pay settlement for 700,000 building workers in spite of a recommendation from the union negotiators to accept. Page 8

● BP chairman has told shareholders that the company has taken a controlling interest in its U.S. affiliate Standard Oil of Ohio and is providing well over half of Britain's North Sea oil supplies. Page 28

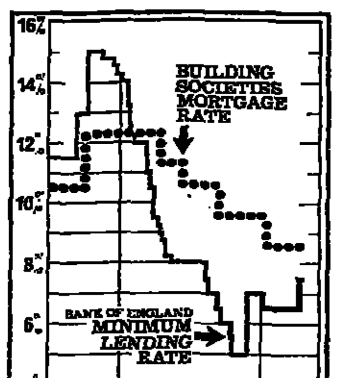
COMPANIES

● BRITISH SUGAR pre-tax profits for the 24 weeks to March 13 improved from £7.18m. to £7.68m., helped by last year's beet crop. Page 26

Sharp increase in minimum lending rate likely to-day

BY MICHAEL BLANDEN

A sharp rise in interest rates is expected to be signalled to-day by a jump in the Bank of England's minimum lending rate.



The rate is expected to rise by at least 1 per cent. from the present level of 7½ per cent., and could move up to 9 per cent. or just conceivably even more.

An increase on this scale will bring renewed pressure on the banks to lift their own lending rates and could eventually prompt a rise in the building society mortgage and deposit rates.

The banks may wait until the general level of short-term interest rates has settled down next week before making any decision on their own base rates, which at present are the same as MLR at 7½ per cent.

The building societies are unlikely to take any immediate action on their rates. But the question will certainly be discussed at next week's meeting of the Building Societies' Association and, if the level of savings receipts by the movement comes under further pressure, they could consider changes in their rates next month.

Societies' net intake of new funds last month is thought to have been only marginally up on the March total of £308m., which compared with the October record of £590m. With their high liquidity levels, the societies could probably resist pressure towards a politically sensitive rise in the mortgage rate for some time, but if their inflow falls further they may be forced to consider a change.

MLR's rise will follow a clear indication given by the Bank of England yesterday that it would not resist the strong upward pressure on rates which has been evident in the money markets in the past few days.

The official change of stance left the market free to determine the appropriate level of rates, and the Bank yesterday gave no indication of its own preferences. As a result, the market was in a state of some confusion, with suggestions of the possible level of MLR ranging between 8½ and 9½ per cent., but with 9 per cent. still being put forward as the most likely outcome.

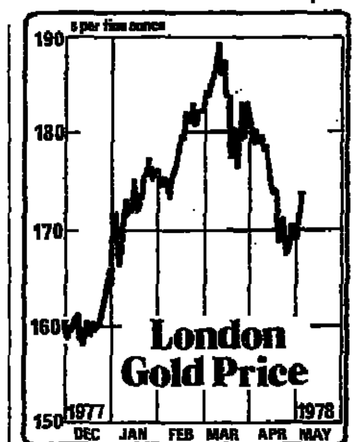
The Bank's message to the market yesterday reflected a recognition that circumstances had changed since MLR was pushed up by 1 per cent. to 7½ per cent. in last month's Budget. The increase then was designed to forestall a period of uncertainty in the markets and to establish a new level which, it was hoped, could be sustained for some time.

The combination of the renewed pressure on sterling and the upward trend of interest rates in the U.S., however, has brought a further rise in money market rates. In spite of official assistance to the market, rates on interbank loans earlier this week were already at levels consistent with an MLR of around 9 per cent.

Prospects of an increase in the official rate, coupled with concern that the Bank might announce a new isuse of a short-dated, gilt-edged stock, helped to dampen the gilt-edged market yesterday.

Long stocks were unchanged at the close after fluctuating earlier in the day, but short stocks ended with losses of ¼ after showing gains. The Financial Times Government securities index fell 0.02 to 71.40.

House prices, Page 6
Lex, Back Page



Gold price up $4¾ in two days

BY MICHAEL BLANDEN

THE GOLD price rose again yesterday as the market reacted favourably to the outcome of the latest International Monetary Fund auction on Wednesday.

In London, the price ended with a gain of $2¾ at $173¾ an ounce, following the rise of $2 on the previous day. The improvement reflected the recent marked recovery in sentiment in the market after the seback suffered on last month's U.S. announcement of plans to sell 1.8m. ounces of the metal in a series of six monthly auctions.

The IMF auction on Wednesday attracted strong demand, with bids for 3.1m. ounces being entered, the biggest amount recorded since December 1976. A total of 524,800 ounces of the metal were sold to successful bidders at an average price of $170.40 an ounce.

The strong performance of the gold price is regarded in the market as particularly important in view of the downward pressures expected to result from the release of the metal from official holdings.

The news of the U.S. auction plans last month, coming on top of the established IMF sales, took the price down to around $168 an ounce, its lowest since early January and well below this year's peak of $189½ in March.

Pressure on the market was also increased subsequently last month by the announcement of plans by India to sell an even larger amount, 2.24m. ounces, from its official holdings, on its domestic market.

This move was designed to help stem the volume of smuggling into India, attracted by the high domestic price level which results from a ban on imports. It was announced yesterday that the Indian Government is also to establish a gold import plan, which it is expected could involve the import of some 5m. ounces a year.

£ in New York

—	May 4	Previous
Spot	$1.8295-8305	$1.8283-8293
1 month	0.44-0.38 dis	0.46-0.41 dis
3 months	1.32-1.26 dis	1.27-1.22 dis
12 months	4.85-4.65 dis	4.55-4.40 dis

Big swing to Tories in London

BY PHILIP RAWSTORNE

THE CONSERVATIVES swept to victory in the London borough elections last night forcing Labour back into its central strongholds.

But outside London, the district elections showed a substantial Labour recovery.

Conservatives wrested control of five of the outer London boroughs from Labour and gained overall control in another, Havering, on an anti-Labour swing of 7 per cent.

This pro-Conservative tide is comparable to that registered in recent by-elections in Ilford and Lambeth.

The victories gave the Tories control of the influential Association of Metropolitan Authorities and the London Boroughs Association but fell short of securing the Inner London Education Authority.

Conservative votes rose markedly in Hillingdon where a left-wing Labour regime was ousted and in Wandsworth where ratepayers revolted against a 20 per cent. rate increase.

Though the results were affected by the redrawing of ward boundaries since the last elections in 1974, the Tories greeted the victories as an indication that the Government's electoral recovery was still not off the ground.

Mr. Michael Heseltine, the party's local government spokesman, said that the Tories had established a commanding position for the General Election.

But outside London, the elections were much more closely fought. The results showed a swing to the Conservatives since 1974 of only 4.5 per cent.—well below London's voting shift.

Mr. Peter Shore, Secretary for the Environment, said that the results in defending seats won in 1974 and 1976 were "very encouraging."

"In the great cities of the provinces, we have done remarkably well," he declared.

The overall results, following the Labour recovery in Scotland, suggest that although an autumn election could still be an option, Mr. James Callaghan is likely to want much firmer encouragement before taking the gamble.

The Liberals, after their series of by-election disasters, were given a welcome boost to morale by their performance last night which indicated that their electoral support has not slumped so heavily as the by-elections and opinion polls showed.

The National Front, which had mounted a major campaign to gain its first council seats, was virtually ignored by the voters.

In the metropolitan districts, Labour held on to the two major prizes, Manchester and Newcastle-upon-Tyne. It maintained its grip on St. Helens and Salford which were also at risk.

Labour emerged as the largest party in Liverpool, though still well short of a majority with 40 seats. Liberals, though losing six seats, did better than expected and remained in second place with 35 seats. Mr. Trevor Jones, the Liberal leader, increased his own vote by 17 per cent. The Tory advance was stemmed and the party gained seven seats to finish with 24.

The only Conservative gain from Labour was at Sandwell where a split in the Labour Party had made its hold on the council especially vulnerable.

Conservative gains in Wolverhampton and South Tyneside ensured that Labour lost overall control but failed to put the Tories in power.

Labour made some compensating gains in the shire districts. The party took control at Thamesdown, Wilts. The Conservatives lost their majority in Peterborough and Huntingdon but gained control at Tamworth and Havant where no party had previously been supreme.

Though the Tories narrowly held Tameside, one of the party's most controversial figures, Mr. Donald Thorpe, leader of the education committee who led the local fight against comprehensive education, lost his seat.

Other Tory council leaders lost their seats at Welwyn and Chorley though the councils did not change hands.

RESULTS FROM 75 DISTRICTS

	GAINS	LOSSES
LABOUR	78	90
CONSERVATIVE	118	86
LIBERAL	17	21
INDEPENDENT	19	35

LONDON
Tory gains: Hounslow, Wandsworth, Waltham Forest, Ealing.

OUTSIDE LONDON
Tory gains: Sandwell.

Port of London 'heading towards bankruptcy'

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE Port of London Authority lost £8m. last year and is heading for effective bankruptcy, Mr. John Cuckney, its chairman, said yesterday.

Mr. Cuckney, presenting his first annual report, also launched an "information paper" in which the Authority makes it plain that only a large injection of Government funds coupled with an agreement from the workforce to close down or drastically reduce the Upper Dock complex in London's East End will save the port.

The information paper, couched in the most uncompromising terms, says that the reduction of the registered workforce from 24,000 to 8,000 in the last decade has been "too little too late" and that urgent measures must be taken to improve productivity and increase price competitiveness

The upper docks, in the Tower Hamlets and Newham districts of London, were "dragging the whole business down" and would soon be costing £10m. a year to keep open. If the Government required these docks to be retained on social and employment grounds, it must meet the cost of doing so.

Closure of the Upper Docks could mean the loss of up to 5,000 jobs as well as seriously prejudicing the future of the upper river section of River Thames Shiprepairers, part of British Shipbuilders, which rents five drydocks from the Authority.

If British Shipbuilders decided it was no longer feasible to run a repair business 19 miles up river from Tilbury, another 400 jobs could go.

These were some of the pressures which prevented the Authority from forcing through a plan to rationalise the Upper Docks in 1976.

Mr. Cuckney said that if present trends continued, the port's losses could mount to £80m. by 1982, and this is some indication of the sum the Government may have to find if it chooses to resist the closure.

The Authority's accounts, qualified pending negotiations with the Government, also show that the port's reserves, which along with land reserves have cushioned it in the past, are now virtually exhausted, having declined from £56m. five years ago.

Although Mr. Cuckney said yesterday he did not wish to apportion blame for past failures, the information paper is brutally frank about shortcomings in the port's industrial relations.

It says that overmanning, port working practices and high levels of absenteeism have driven away business and created a workplace "in which frustration, fear, cynicism and discontent are rife."

News Analysis, Page 15

Bidders warned off Redfearn

BY CHRISTINE MOIR

REDFEARN NATIONAL GLASS, which has been besieged by suitors for nearly a year, was quietly rejoicing yesterday in the news that its independence—at least, from another major U.K. glass company—has been virtually guaranteed.

The last two suitors, Rockware Group and United Glass, are to be asked by the Director-General of Fair Trading to give undertakings that they will not go ahead with their bid approaches.

The move follows publication of a 79-page report by the Monopolies and Mergers Commission which concludes that the two proposed mergers "might be expected to operate against the public interest."

At the heart of the objection is the fear that if Redfearn merged with either of the two companies it would "lead to diminished competition, to the risk of less adequate provision of capacity in the United Kingdom to meet demand and, in the short term at least, to the risk of increased imports."

In 1977 imports of glass containers almost doubled to 10 per cent. of the total supply, and with serious over-capacity among European glassmakers the pressure of imports is increasing steadily.

Against this background, the report says, glassmakers would naturally be cautious about adding to capacity, though current capacity has been unable to meet full U.K. demand at certain times in recent years.

Each of the three major companies had investment programmes in band designed to increase capacity. If they were reduced to two, the increase in capacity was unlikely to be as great as that now proposed with each company independent.

This in turn could jeopardise security and continuity of domestic supply, which has already been criticised by customers within the industry.

The report continues that these probable disadvantages, which could further increase the threat from imports and lead to higher prices, are not outweighed by the possible advantages

On the news Redfearn's shares dropped 27p to 288p on the day. Earlier the fall had been as much as 39p.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

AT Inds.	[illegible]	+ 9
Beecham	655	+ 7
Boots	216	+ 5
[illegible]	186	+ 6
Furness Withy	280	+ 10
Hawker Siddeley	212	+ 6
[illegible]	277	+ 7
[illegible]	250	+ 10
[illegible]	101	+ 4
NS Newsagents	149	+ 4
Pearson Longman	183	+ 7
Pearson (S.)	192	+ 10
Hutchins	122	+ 5
Reckitt and Colman	475	+ 17
Sainsbury (J.)	187	+ 9
Scot and Univ. Inds.	122	+ 4
Sears Holdings	71½	+ 5
Staveley Inds.	293	+ 8
Vosper	156	+ 6
Doornfontein	247	+ 13
Kinross	319	+ 16
Thiess Holdings	312	+ 8
West Driefontein	£18¼	+ 1

FALLS

Exchequer 13pc 1980	£105¼	— ⅜
Bibby (J.)	292	— 13
Channel Tunnel	45	— 8
Martin the Newsagent	251	— 7
Mothercare	152	— 4
Redfearn Nat. Glass	288	— 27
Conzinc Riotinto	204	— 6

CONTENTS OF TO-DAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Irish Post Office engineers end strike

By Our Own Correspondent

DUBLIN, May 4.

IRISH POST Office engineers have voted 4 to 1 to accept proposals worked out under the mediation of the Irish Congress of Trade Unions to end their three-month-old strike. There is hope, too, that the country's other major strike, affecting the state airline, could also end this weekend.

The engineers will return to work on Monday under the terms of an agreement which deals with the two central issues in their complicated dispute. These involve work which can be classed as new, for which productivity payment could be negotiated, and setting in place machinery for processing their productivity claim quickly.

Telephone and Telex services are expected to return to normal quickly. But those whose telephones are out of order may have to wait until normal services are restored before repairs are carried out.

The cost and effects of the dispute have been matters of some controversy. Financial estimates have ranged as high as £3m. a day, but there is general agreement that the most serious effects will be on Ireland's image as an atractive location for industrial investment. The Government, however, has strongly rejected claims that this image has suffered lasting and serious damage.

Monday's return to work may not be the end of trouble in the Post Office. The negotiations are likely to be long and complicated, and there still remain considerable doubts about whether the Post Office structures can accommodate the strains of a large-scale investment programme designed to bring Ireland's telecommunications system to acceptable modern standards.

Brezhnev calls for greater effort on disarmament

BY JONATHAN CARR

BONN, May 4.

MR. LEONID BREZHNEV, the Soviet President, to-day publicly appealed for new disarmament efforts to make sure that the neutron weapon never saw the light of day.

Mr. Brezhnev's blunt reference to the weapon, in an address prepared for delivery at a banquet at the end of the first day of his visit to West Germany, took many observers by surprise. He described the weapon as an "ominous gift of Danae" (a reference to the wooden horse which brought the downfall of Troy) which some wished to offer to "the peoples of our continent."

It had been widely expected that Mr. Brezhnev would raise the question of the weapon during his planned seven hours of private talks with Chancellor Helmut Schmidt. But it was not thought likely he would raise the matter publicly at the very start of his four-day trip.

The neutron weapon was a matter of intense dispute in the Federal Republic—and not least in Herr Schmidt's own party—in the weeks preceding President Carter's decision to postpone production.

The Government's official stand is that it would be ready to have the weapon on West German soil if the U.S. finally decided to go ahead with production and if insufficient progress then emerged in East-West disarmament talks. Almost all Mr. Brezhnev's address was about disarmament—much of it expressed in urgent and almost personal terms. He noted that it was said that people become used to almost anything—in war to danger and in good times to well-being. "So long as one is not sick, one even gets used to one's own health," he said.

This reference too was widely remarked upon, in view of the earlier postponement of Mr. Brezhnev's visit here on health grounds, and widespread speculation on how ill the 71-year-old leader may really be.

Mr. Brezhnev went on to say that for 30 years there had been peace in Europe and people had begun to get used to that. The most dangerous thing would be to become lazy and simply let events take their own course.

Disarmament is one of the key themes to be discussed not only by Herr Schmidt and Mr. Brezhnev, but also between the foreign ministers of the two countries. Particularly under scrutiny by the German side will be Soviet intentions for the Mutual and Balanced Force Reduction talks (MBFR) and the Strategic Arms Limitation Talks (SALT)—where a second accord with the U.S. appears in sight.

Further major topics are Berlin, and economic co-operation.

AT a news conference this evening the Soviet Union showed that its stance is unchanged over the non-inclusion of West Berlin in three agreements with West Germany, prepared but never signed. The agreements relate to cultural affairs, legal aid, and technical co-operation.

Mr. Leonid Zamyatin, the Soviet spokesman, said the real dispute was not over inclusion of West Berlin, rather the Soviet Union was under pressure through this issue to work with Federal German agencies in West Berlin—which it refused to do.

SALT hope Page 4

President Brezhnev (centre) is helped to his feet by his Foreign Minister, Mr. Andrei Gromyko (left), and West German Chancellor Helmut Schmidt after talks at the Chancellery.

Belgian coalition strains worsened by union clash

BY DAVID BUCHAN

BRUSSELS, May 4.

GROWING STRAINS within Belgium's ruling coalition, caused chiefly by Prime Minister Leo Tindemans' push for a radical overhaul of State finances, have been compounded by a confrontation between the Government and unions representing 780,000 public sector workers.

At issue are union demands for a reduction in the standard working week to 38 hours together with increased fringe benefits. The extra cost of meeting these demands has been put at B.Frs.10bn. Even though some progress was made in talks late yesterday, Mr. Tindemans will not want to concede the whole of these demands if his aim of keeping the current 1978 budget deficit down to B.Frs.65m. is to be met.

Transport workers went on wildcat strikes last week, and a continuing postal strike is not expected to end before next week.

More ominous, for the unions and the Socialist Party, the second biggest group in the coalition, are the long-term public expenditure cuts the Government is planning.

The package of cuts is due to be announced by the end of this month, in time to affect the preparation of next year's budget. Mr. Tindemans has said he will make its passage through Parliament an issue of confidence in his Government.

Socialist leaders, notably Deputy Prime Minister Leon Hurez, have this week warned that the cuts should not bear disproportionately on pensions, unemployment, pay, education and health insurance.

In further complication, one of the minor coalition parties, the FDF, which represents the Brussels French speakers, has warned this week it will not be a party to unpopular spending cuts, unless at the same time the Government speedily presents to Parliament legislative plans for regional reform.

E. Germany heals rift with Iran

By Leslie Colitt

BERLIN, May 4.

EAST GERMANY appears to have assuaged the Shah of Iran over the occupation of the Iranian embassy in East Berlin and the seizure of the ambassador in late February by 12 Iranian students who were given suspended jail sentences and deported to West Berlin.

A large East German trade deal with Iran appeared threatened by the subsequent anger of the Iranian Government.

Iran's ambassador to East Germany, who was recalled by Tehran in protest about the light sentences given to the embassy occupiers, has met Herr Erich Honecker, East Germany's Communist Party Leader and President.

Ambassador Amir Hossein Farzanegan and Herr Honecker are said to have had talks in a "receptive atmosphere" on relations between the two countries.

Iran had ordered 1,000 railway cars worth £75m. from East Germany.

Red Brigades 'try to divide parties'

BY PAUL BETTS

ROME, May 4.

THE VIEW is hardening here in official circles that the Red Brigade terrorists, holding former Premier Sig Aldo Moro since March 16, are seemingly intent in using their prisoner to split the country's political forces.

Since their communique 10 days ago containing demands for the release of 13 named prisoners in exchange for freeing Sig Moro the Red Brigades have remained silent.

Instead, they have apparently switched tactics in their "phychological war" against the State by only releasing letters purportedly addressed by Sig Moro to leading politicians, urging them to reconsider the official hard-line position

Sig. Moro's latest letters have had disturbing political repercussions not only within the ruling Christian Democrat Party but also among the other parties.

A heated controversy has followed the "humanitarian proposals" of the Socialist leader, Sig. Bettino Craxi, to save the former Premier's life.

The proposals are understood to entail an amnesty for terrorists charged with minor offences and the provisional release of certain terrorists in prison awaiting trial.

These proposals are to be examined in the next few days by an inter-Ministerial committee on security presided over by Prime Minister Giulio Andreotti

However, the threat of a rift between the country's political forces appears to have been averted by the ruling party's decision last night to maintain its stand against any direct deal with the terrorists.

Terrorists shot and wounded two more executives yesterday, writes Paul Betts. In Milan, Sig. Umberto Degli Innocenti, of the Sit-Siemens company, was shot in the legs, and in Genoa a manager of the state steel company Italsider was also attacked by gunmen. The Red Brigades last night claimed responsibility for both incidents.

Kreisky will serve new term

By Paul Lendvai

VIENNA, May 4

AUSTRIA'S 67-year-old Socialist Chancellor, Dr. Bruno Kreisky, has agreed to serve another term as Prime Minister if the Socialists were to win the next general election.

At the same time, he rejected the possibility of a coalition with the small opposition Freedom Party in the event that the Socialists lose their absolute majority at the elections which have to be held in the autumn of 1979 at the latest.

It is the impending takeover of the leadership of the Freedom Party by a right-wing politician, Dr. Alexander Goetz, the mayor of Graz, which put an end to the speculation concerning a West German-type "small coalition" in Austria.

Meanwhile, the campaign for this autumn's important municipal elections in Vienna, where the Socialists have a two-thirds majority, has opened this week. The Vienna poll is regarded as a significant political pointer.

EUROPEAN NEWS

Paris riot police chasing a group of anarchists who disturbed the traditional trade union May Day march last Monday.

Chirac defies the Government over who pays the Paris police

BY DAVID WHITE IN PARIS

ONE idea that President Valery Giscard d'Estaing must be wishing he had never had was that of giving Paris an elected mayor. It backfired immediately, when M. Jacques Chirac, the Gaullist leader, insisted on standing for the post early last year, against the President's wishes and against the President's own candidate, and won.

Now, just over a year later, M. Chirac is standing defiant in his first big confrontation with the Government, in which his party is the most powerful coalition member. The row is over the city's 13,300 police—not, for once, about what they are up to, but about who pays for them.

The Government is now digging into its law books to find ways of forcing Paris to pay its statutory share of the police bill. On the other side of the barricade, M. Chirac has almost the whole of the Paris council behind him.

The council last week voted unanimously—albeit with six abstentions from the pro-Giscard camp—to uphold its decision of December last year to lop Frs.142m. off its contribution, accepting to pay only Frs.150m. out of its 1978 budget. This followed publication of an Interior Ministry decree in April, overriding the council's decision and putting the city's share down as the full Frs.292m. (about £34m.).

The row has created the strangest of alliances within the Paris council, between M. Chirac and the Communists and Socialists, elected mainly from the city's fringe areas. When M. Chirac became mayor they saw him as a villain surrounded by cronies.

They voted against the 1978 budget. But when M. Chirac is defending the citizenry against big tax increases — the mayor says that footing the police bill would mean raising local taxes by 15 or 16 per cent. instead of the 10.5 per cent. promised — they are on the same side.

The handful of representatives of M. Giscard's centrist group voted for the budget decision, made after a hurried debate, and are now squirming as a result.

The mayor's argument is that Paris is being penalised. Big towns in France are supposed to chip in with a quarter of the cost of their police force. But this rule is enforced only in the capital, where, says the mayor, the police spend a lot of their time on activities such as guarding embassies, which are not directly connected with the town. Towns like Lyon or Marseille pay only Frs.3.30 per citizen per year for the police, and at this rate, M. Chirac argues, Paris is being asked to pay 40 times too much.

Paris, says M. Chirac, is no longer the rich place it was. Its population is declining and getting older. A third of the population is over 65.

The city's running costs are budgeted at Frs.7.26bn. M. Chirac wants to spend on the pensioners, on housing and on culture, but not on a police force which in any case he sees as inadequate. It is now slightly smaller than it was four years ago and the cost of running it has gone up 61 per cent.

On the other side, M. Lucien Lanier, Prefect of the Ile-de-France region, nominated by the Government, says Paris gets off lightly on transport, cultural projects and its fire brigade. The Prefect of Police, M. Pierre Somveille, adds that Paris cannot change its arrangement over the police before next year, anyway.

But the Mayor argues that it is already high time the French state reviewed its relations with its capital city. "This reform, wanted by the President himself, without whose will"—a touch of tongue-in-cheek here—"I would not be here—I attach the greatest importance to its not being . . . disfigured and violated," he argues.

Until last year, Paris had gone more than a century without a mayor. M. Chirac is the first since 1871, the first to be elected to the post, and only the ninth the city has ever had. There were four during the Revolution, a couple in 1848 and another couple between the fall of the Empire and the Paris Commune.

Paris has enjoyed much less autonomy than other French cities. It is now tempting to reason why. "Paris is not a city," Victor Hugo once said. "It is a Government." The Mayor of Paris, who could be fighting a Presidential battle with M. Giscard three years from now, may well be chuckling over that.

France continues Chad military build-up

BY OUR OWN CORRESPONDENT

PARIS, May 4.

FRANCE IS continuing to build up its military presence in Chad in support of the embattled regime of General Felix Malloum.

About 200 French marines are reported to have been sent to the Chad capital N'djamena (formerly Fort Lamy) over the past few days, bringing the total number of French military personnel in the country to around 1,500.

About 500 of the French soldiers are classed as advisers and technical assistants to the Chad forces.

Reinforcements, which include detachments of Foreign Legionnaires and paratroopers, began in earnest last month, after strong gains in the north of the country by the rebel Frolinat movement. Three French military personnel have been killed in recent fighting.

Last week, France moved 10 Jaguar fighter-bombers from its air base in Dakar to the Chad capital, as French civilians began to be evacuated from N'djamena.

President Valery Giscard d'Estaing emphasised that the French troops would not engage in offensive actions and that they were there at the request of General Malloum.

The military situation is reported to have deteriorated sharply, and the Chad Government has accused the Libyan-backed rebels of breaking a cease-fire agreement. The truce, signed on Libyan territory in the presence of representatives of other neighbouring countries, was, according to Frolinat, pegged to the withdrawal of all foreign forces.

French nationals in Chad have been threatened with reprisals, and some French civilians are reported to have been attacked, in the southern town of Moundou.

France's Communist Party has condemned the military build-up and accused the Government of using the pretext of co-operation to renew its interference in the internal affairs of Chad. French troops were participating directly in armed operations against Frolinat, it said.

Portugal and IMF agree on terms for deficit aid

BY JIMMY BURNS

LISBON, May 4.

PRIME MINISTER Mario Soares confirmed this afternoon that Portuguese and International Monetary Fund negotiators have initialled an agreement on the terms which Portugal must accept before being granted nearly $800m.-worth of Western aid to cover her balance-of-payments deficit.

Speaking at a luncheon for foreign television representatives, Dr. Soares said that the "letter of intent," with details of the conditions agreed upon, would be published within the next three weeks, and that final agreement would be signed within the next three months.

Earlier to-day, Dr. Soares told journalists that Portugal wished to attract Spanish investment, and that the problem of indemnification would soon be resolved by the Portuguese Government.

Dr. Soares was speaking following a 60-minute private meeting with King Juan Carlos of Spain, who yesterday began a three-day official visit to Portugal.

The present governmental alliance of Socialists and Christian Democrats (CDS), since forming last January, has given repeated assurances that foreign businessmen and farmers would be either compensated or have their property returned before the end of this year, but to date only a few have had their problems resolved.

A number of Spanish farmers (as well as British, German, French, Italian and Austrian) had their land seized at the height of the Communist-inspired radical land reform in the fertile Alentejo region of southern Portugal, in 1975.

Despite assurances by the military authorities then in power that foreign property would be protected, some Spanish businessmen and bankers were also affected during the radical period of the revolution.

Call to reopen talks on Cyprus

NICOSIA, May 4.

MR. OSMAN OREK, the new Premier of the self-proclaimed Turkish Federated State of Cyprus, yesterday appealed to Dr. Kurt Waldheim, the United Nations secretary-general, to reconvene the inter-communal talks on the future of the divided island.

Mr. Orek was reported as saying that if the talks between the Greek and Turkish Cypriots were resumed "the Turkish Cypriot side would extend its constructive support in every way possible."

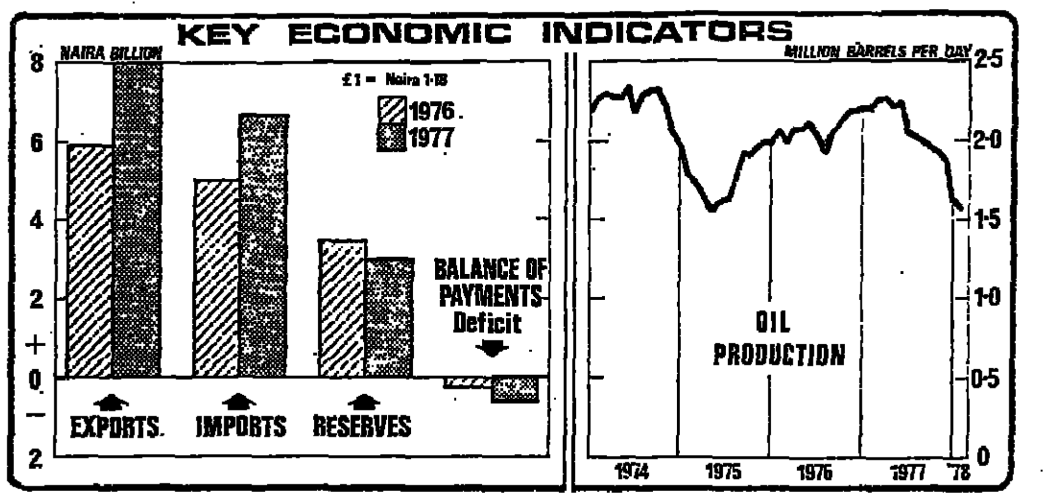
Reuter

OVERSEAS NEWS

THE NIGERIAN ECONOMY

Lagos: ushering in a new period of financial austerity

BY JAMES BUXTON



THE NIGERIAN budget for the current financial year, announced last month, is the clearest indication so far that the boom years for the Nigerian economy are over and that the most populous country in Africa with 80m. people faces what is likely to be a period of lean years.

The recent deaths of about a dozen people in riots by students protesting at higher fees emphasise the political unpopularity of the austerity policies the Government now believes are essential.

Lieutenant-General Olusegun Obasanjo, the head of state, has consistently tried to convey to the Nigerian people in his budget speeches from 1976 that Nigeria, though the world's eighth largest oil exporter, is not a rich country. He has attempted to rein back government spending which has contributed to high inflation and a deteriorating balance of payments.

So far these efforts have not been very successful. Government departments have spent more and more on recurrent items alone each year, while the Government has been reluctant to prune development spending on potentially productive projects. Nigeria's 19 states, although they obtain a slice of the nation's oil revenue as of right, have run up increasing deficits, part of which the federal Government has had to meet. As federal and state governments have pumped money into the economy, imports have continued to rise, though so far they have kept behind exports. Fiscal measures to reduce inflation have had disappointing results and the federal Government has only slowly been able to tackle the serious problems such as port congestion which plague Nigeria.

With the unexpectedly rapid rise in recurrent spending, and oil output not increasing as planned, Nigeria has begun a programme of borrowing overseas to help fund development. This January it signed a $1bn. syndicated bank loan and the World Bank has promised up to $500m. annually for the last two years of the current plan period.

Though borrowing inevitably imposes tighter financial disciplines the crucial factor behind the 1978 budget—the sternest that Gen. Obasanjo has yet presented—is an alarming drop of about 27 per cent. in Nigeria's oil output between the first two months of last year and the corresponding period of this year. February's output of 1.57m. barrels per day was Nigeria's lowest since May 1975.

The fall in output, which has led to some oil price trimming by Nigeria, could herald a period of generally lower oil revenues lasting several years, since it stems mainly from coming on stream of North Sea, Mexican and Alaskan fields. Nigeria expects total government revenue, of which about 80 per cent. comes from oil, to be only Naira 6.82bn. (£5.6bn) this year compared with last year's budgeted figure of N7.6bn.

This year the Government is trying harder than ever to cut spending. Federal ministries were told to cut their estimates by up to 20 per cent. and a committee is trying to reorganise ministries and agencies to cut out duplication and waste. Total federal recurrent spending for this financial year is put at N2.8bn. compared with N3.1bn. for last year: this involves cutting federal ministries' spending by 22 per cent. from N2.5bn. to N1.95bn., though the Government has had to increase its non-statutory allocations to the States (to help them pay for such things as Nigeria's programme for giving every child primary education).

It is not clear how effective such drastic cuts can be. The biggest spending ministry in Nigeria after the Ministry of Education is the Ministry of Defence, whose recurrent budget has been cut from N817m. last year to N597m. this year. Nigeria now has about 230,000 servicemen, a hangover from the Biafra war, and though it has started demobilising, the military Government is moving with understandable caution. Increased demobilisation is nevertheless what the budget cuts appear to suggest. The Defence Ministry is also planning to spend N708m. on capital work, more than twice the budgeted figure for two years ago.

For exporters to Nigeria the biggest shock of the budget was the outright banning of fourteen categories of goods, including ready-made clothing, furniture, carpets, frozen meat and jewellery. The importing of many other goods was put under licence.

Britain, which exported £1.07bn. worth of goods to Nigeria last year (Nigeria is now Britain's ninth largest export market) could lose more than £50m. worth of exports a year.

It is Nigerians who, as Gen. Obasanjo made clear in his budget speech, will suffer most from the new austerity. Prices will go up because of new taxes and tolls, shortages of goods, the lifting of price controls and higher interest rates, while the Government has given no hint of easing pay restrictions. To reduce liquidity, banks are only to be allowed to increase the total of loans and advances by 30 per cent. a year, compared with 40 per cent. last year (a limit which not all banks managed to keep to). Importers of everything except for capital goods and a few other items will have to deposit 100 per cent. of the value of their letters of credit with the Central Bank, compared with the rate formerly imposed by the commercial banks which averaged about 33 per cent.

The Government wants to devote as much official spending and private investment as possible to the productive sectors of the economy. Nigeria's traditional export commodities—cocoa, groundnuts, palm oil and rubber—have stagnated in the past five years, and food production has failed to keep pace with the rise in population. The Commissioner for Finance, Major-General James Oluleye, noted in the budget that though Government investment in agriculture is beginning to show results, there had not been much response to Government financial incentives to farmers to grow more over the past two years. He announced further tax incentives for agriculture, and an Agricultural Credit Guarantee scheme has come into operation up to back loans to agriculture by the commercial banks.

In that light, agriculture and livestock's share of the development budget at N112m. may appear relatively low compared with other allocations. But the emphasis at this stage in Nigeria's economic development is on building the physical and social infrastructure which will allow faster growth in agriculture and manufacturing in the next plan period (1980-85). The total development budget is N5.2bn., with special concentration on education, electricity supplies, telecommunications, water supplies and land and water transport.

The problem of demonstrating that it can restrain recurrent spending to continue to produce a surplus for development, and that it can spend its development budget well, is the most important test Nigeria now faces. It will not become any easier when, in October next year, civilian rulers take over from the present military regime and sectional interests in the federation have a chance to assert themselves more strongly. But if Nigeria passes the test it will matter much less if the balance of payments goes deeper into deficit—last year's deficit was N600m. ($960m.)—or if the trade surplus (which was N1.3bn. or $2bn. last year) turns into a deficit, and causes a corresponding drain on Nigeria's reserves (a healthy N3bn.—$4.8bn. at the end of 1977). These things will happen if oil revenues do not sharply improve, but with good economic management Nigeria will be able to continue borrowing easily abroad.

Many forecasts suggest that the oil market will turn decisively in Nigeria's favour in the early or mid-1980s. The oil companies have resumed large scale exploration as a result of recent Government incentives and Nigeria's proven reserves and production capacity could rise. The World Bank's confidence in Nigeria's agricultural and rural development projects is an encouraging sign that Nigeria is on its way to realising its immense economic potential.

OVERSEAS NEWS

S. African troops launch attack over Angola border

JOHANNESBURG, May 4.

SOUTH AFRICA said to-day it had launched a limited military offensive against SWAPO guerrillas inside Angola. Mr. Peter Botha, the Defence Minister, said in a statement that South African troops had entered Angola after large numbers of guerrillas from SWAPO (the South West African People's Organisation) had repeatedly attacked targets in South West Africa (Namibia).

The announcement followed a report from the official Angolan news agency Angop that South African troops had occupied the important mining town of Cacinga after bombing it intensively.

Mr. Botha said: "As a result of the ominous buildup of SWAPO forces in southern Angola and the extensive campaign of intimidation of local inhabitants and the murders of political leaders in South-West Africa, as well as a large number of border violations during the past few weeks, a limited military operation against SWAPO forces has been carried out over the border.

"The limited operation was embarked on after large numbers of heavily-armed SWAPO terrorists recently crossed the border, attacked our forces in Ovambo and fled back to safety in Angola."

Mr. Botha said the Ruacana power station on the borders of Namibia and Angola had also been attacked and was extensively damaged.

"After the attack, the latest since SWAPO intensified its hostilities, we were forced to resort to follow-up action," he added. "I trust that the limited operation will leave those who wish to threaten us under no illusions."

The Angolan Defence Ministry denounced the attack and said South Africa was preparing "a new invasion of Angola," Angop claimed.

It said the attack was aimed at a "Namibian refugee camp" at Cacinga, 155 miles inside Angola.

The Defence Ministry said the attack began at 6 a.m. and waves of South African aircraft had been landing reinforcements at the town since then.

The Ministry added the Angolan armed forces had taken adequate measures to combat the aggression.
Reuter

Lebanon welcomes UN decision

BY IHSAN HIJAZI

BEIRUT, May 4.

LEBANON HAS welcomed the United Nations Security Council resolution yesterday aimed at boosting the strength of UN troops in Southern Lebanon to 6,000 men. At the same time the Palestinian guerilla leader, Mr. Yasir Arafat was reported to have ordered the arrest of the gunmen who attacked the French UN contingent in the Port of Tyre on Tuesday.

"All Lebanese political quarters see in the resolution a positive step to consolidate stability in the south," the State-controlled Radio Beirut declared to-day.

The resolution, official sources pointed out, reconfirms the U.N. commitment to Lebanon. These sources were worried that the clashes on Tuesday could bring about a UN reluctance to get more deeply involved in a potentially dangerous situation.

Mr. Arafat's crack-down on what has been described as "irresponsible and unruly elements" was reported by informed Palestinian sources here.

They said that red-bereted members of the PLO's security branch known as the "Palestine Armed Struggle Command" went into action in Tyre early to-day rounding up suspects.

President Jaafar Nimairi of Sudan said to-day after talks with Egyptian President Anwar Sadat that he expects an Arab summit to be held within eight weeks, Robert Matthews writes from Cairo. He also warned Israel's invasion of southern Lebanon had diminished hopes for a Middle East settlement. Meanwhile Washington has been asked by Israel to determine whether Egypt can represent all the Arab states on the West Bank and Gaza Strip issue. If not, Israel wants to make a bilateral peace deal with Egypt, Mr. Moshe Dayan, the Foreign Minister, said to-day, David Lennon adds from Tel Aviv.

The clashes on Tuesday left two French soldiers and one Senegalese dead and 12 wounded, including the commander of the French battalion, Colonel Germain Salvan. Although Col. Salvan was reported to be out of danger, medical sources said he would take about a year to recover. He was shot in both legs.

The French authorities have announced the appointment of Lieut.-Col. Dominique Viard, another paratrooper, to replace Col. Salvan in southern Lebanon.

The exact identity of the gunmen who attacked the French contingent and shelled its headquarters in Tyre, has not been disclosed.

They are believed to belong to a far left-wing Lebanese faction known as "the Popular Front for the Liberation of the South," which is believed to be associated with the militant rejectionists in the Palestinian guerilla movement.

Meanwhile, a British subject, identified as Mr. Colin Rodker, aged 30, was reported missing in southern Lebanon since Tuesday. A member of the UN Observer Corps based in Jerusalem, he was last seen travelling in his car south of the port of Sidon.

In Dublin, the Irish Government was formally asked to-day to supply troops to supplement the United Nations force.

Zambia seeks judgment on 'oil sanctions breach'

BY OUR FOREIGN STAFF

THE Zambian Government is pressing the High Court in Lusaka to judge the Rhodesian subsidiaries of seven foreign oil companies in absentia for breaking sanctions against Rhodesia.

The companies are among 17 which the Zambian Government is accusing of starving Zambia of oil to build up Rhodesia's reserves. Zambia is claiming around £4bn. damages.

The Ministry of Legal Affairs in Lusaka issued a statement saying that the seven companies had not appeared in court to answer the charges as demanded by Zambia on March 21.

The charge alleges that after Rhodesia declared unilateral independence in 1965 the oil companies starved Zambia of oil in order to build up the Rhodesian stocks. The damages are what Zambia estimates as the resultant damage to the country's economy.

The original writs were issued against the "big five" oil companies in August last year. The companies (Shell, BP, Caltex, Texaco and Mobil) chose not to answer the charges because it would have weakened their legal position.

A statement issued at the time by Shell Transport and Trading said that the company repudiated the charge and had been advised that it should not appear in court.

"There is no proper basis on which the courts of Zambia have jurisdiction over them, read the statement. "They are further advised that to appear voluntarily in these courts could confer the jurisdiction of these courts where it does not exist and impair the protection of their assets outside Zambia."

The Rhodesian subsidiaries now facing judgment in absentia are those of Total, Shell and BP, Genta, Mobil Oil Southern Rhodesia, Caltex Oil, and Central African Petroleum Refinery.

Mr. Daniel Liusulo, the Legal Affairs Minister, left for London to-day to discuss with Zambian lawyers the cases against the other oil companies including the parent companies of Shell, BP, Caltex, Mobil, and Compagnie Francaise de Petroles.

None of the oil companies had any statement to make yesterday.

Chairman Hua on trip to North Korea

Chinese Communist Party Chairman and Premier, Hua Kuo-feng, has left Peking by special train for North Korea on his first trip outside the country, Reuter reports from Peking. The New China News Agency said he had left on an official friendly visit to Pyongyang at the invitation of President Kim Il Sung.

Japanese pay rises

Workers at more than 200 major Japanese companies have received pay rises averaging 5.9 per cent. for the year ending next March, compared with increases of nearly 9 per cent. last year, it was announced in Tokyo, Reuter reports. The Japan Federation of Employers' Association said in a report that the increases for this financial year averaged Y9,285 ($41) a month.

Kabul neutrality

Afghanistan's new President, Mr. Nur Mohammad Tarakki, has said his country will follow a policy of positive neutrality within the framework of non-alignment, Reuter reports from Kabul. He denied that thousands of people had been killed in the coup, saying that not more than 100 people had been killed for resisting the revolutionaries.

New tack in Singapore economy

BY PETER WEINTRAUB

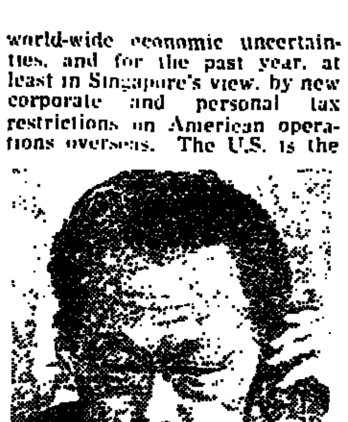
SUBTLE but important changes in Singapore's economic structure are taking shape as the Government of Mr. Lee Kuan Yew, the Prime Minister, prepares for the difficult times it anticipates ahead.

Individually, the changes do not appear to mark any significant departure from the corporate state ethos which has guided the state's development since its establishment in 1965. But cumulatively they point to a new emphasis on encouraging local investment, which until now has been lagging, and suggest a shift from the Socialist principles which are the ideological basis of the ruling People's Action Party.

Probably the clearest indication of Singapore's new economic direction came in a series of personal and corporate tax measures unveiled in February's budget. The measures provide for a 14 per cent. drop in revenue from personal income tax, with the biggest concessions going to those in the highest bracket, earning the equivalent of more than $15,200 per year. They abolish the 10 per cent. tax on distribution of profits from Asiadollar operations, offer a credit plan to stimulate locally-generated fixed investment, and concessions on warehousing and technical servicing and export promotion activities abroad.

One objective of these measures is to make Singapore more attractive to foreign business, both financial and manufacturing. But the incentives for local investors and exporters may, in the long run, be their most important feature.

Singapore's formula for economic growth has been based largely on creating an attractive environment for foreign companies to invest, but for the past three years foreign investment has been adversely affected by world-wide economic uncertainties, and for the past year, at least in Singapore's view, by new corporate and personal tax restrictions on American operations overseas. The U.S. is the largest foreign investor in Singapore.



Lee Kuan Yew

By attempting to stimulate local investment, which has declined from $55m. in 1975 to $17m. last year, the Government may be seeking to cushion itself against the prospect of future foreign investment difficulties.

The other major part of the economic development formula is that the volume of exports has grown rapidly. But the combined threat of protectionism, growing competition from such countries as South Korea and Taiwan, and the possible loss of Generalised Scheme on Preferences (GSP) tariff concessions has been cause for real anxiety. The export promotion tax concessions revealed in the budget include incentives for Singapore companies opening sales offices overseas and attending international trade fairs. They are obvious attempts to deal with the export challenge.

But while the new tax measures clearly help foreign and local businessmen, they offer little direct benefit to medium and low wage earners. Personal income tax cuts for these groups lag behind last year's rise in consumer prices. And to indicate where part of the revenue to make up for the new tax concessions will come from, hospital outpatient charges were raised three weeks after the budget was presented.

The tax measures, declared Ho See Beng a member of the People's Action Party at the parliamentary budget debate, are "aimed at making the rich richer and the poor poorer and negating the fundamental principle of socialism."

Shortly after the budget was unveiled, Hon Sui Sen, the Finance Minister announced that he was considering abolishing tax-free interest on accounts at the Government-operated Post Office Savings Bank. But it is generally believed that making bank deposits less attractive, would divert more capital into local investments.

This flow would presumably be dominated by larger account holders, so the majority of holders would be affected only in that they would lose an important tax benefit.

In another significant move, the Government earlier this year announced its decision to convert the State-run bus company, Singapore Bus Service, into a public company through a share issue in which subscribers would be permitted to use their Central Provident Fund (CPF) savings.

The CPF is a compulsory Government pension scheme and, until now, the use of savings has been restricted to the purchase of flats in public housing developments.

AUSTRALIA'S ECONOMY

Some good news for Fraser at last

By Kenneth Randall in Canberra

THE ANNOUNCEMENT last week of a rise of only 1.3 per cent. in Australia's inflation rate for the first quarter was the best news that Mr. Malcolm Fraser's Government has had on the economic front since it took office a little over 28 months ago.

As the former Liberal Party Prime Minister and treasurer, Sir William McMahon, remarked later: "When you look at all the figures on economic performance, you can only say 'thank heaven for the inflation figures'."

Unemployment remains at about 6.5 per cent., representing about 420,000 people out of work. Retail sales, in real terms, were only 0.5 per cent. higher in the December quarter than they had been a year earlier. The car industry, whose activity is excluded from the retail index, remains so deeply depressed that further government rescue action is in the air. The trade account was A$27m. in the red for the March quarter and the balance of payments would have been A$200m. in deficit but for the Government's defensive borrowings overseas.

In its annual survey of the Australian economy, published last week, the OECD forecast a 1978 growth rate of 3.25 per cent., as against 0.8 per cent. in 1977. Given the probability of another decline in farm product this year, the forecast implies a growth in non-farm product of about 3.5 per cent. And that, in turn, would suggest that unemployment could rise by another 0.5 per cent. to 1 per cent. by the end of the year.

The OECD considered that the Australian Government was right to concentrate on measures to curb inflation and wage increases rather than "speeding up the pace of recovery," a departure from its normal attitude to current recovery policies.

The trouble with such anti-inflationary moves is that the Government has very limited direct powers to implement a wages policy. The persistent refusal of company profits to respond to the Fraser policy of "rolling back" the public sector to provide room for private sector expansion, adds to the problem.

At national wages hearings before the Conciliation and Arbitration Commission, Government lawyers have argued constantly for a reduction in real wages to bring Australia's competitive position back into line with her main trading partners.

The main statutory roles of the Commission, however, is the settlement of industrial disputes, including wage disputes. It has refused to adjust the wages system to allow for the full effects of inflation, as the unions demand, but it has also refused to take a line as tough as the one advocated by the Government.

The government cannot issue directions to the commission and must continue to rely on powers of persuasion. As Mr. Fraser commented last week: "We will continue to stress the need for the Arbitration Commission to play its part in restoring sanity to the wage determination process and reducing unemployment."

The other major disappointment to the Government has been its failure to restore a significant inflow of new corporate investment from overseas.

The latest official statistics, covering the 1976-77 year, indicated a record level of foreign investment in Australian business of A$1,931m. But this was a statistical illusion. The figure was made up of either retained earnings of foreign companies already operating in Australia or funds brought in from a parent company to help through the difficult times being experienced in Australia.

Through most of the 1960s and the early 1970s the inflow of new investment capital was the crucial factor in Australian growth. Syntec Economic Services, the Melbourne-based consultancy, published a report recently which stated: "Unless this element of investment returns, Australia is in trouble as an economy and probably as a society.

"Unless this element returns, then, in order to avoid the social dangers that would go with a shrinking economy, we would have to make fundamental changes—in the exchange rate: in factor incomes and allocations: in internal manpower and capital policy, among other things.

"We reckon," the report said, "we have about a year's grace."

Despite growing pressure from the state governments and sections of the business community, Mr. Fraser is adamant that the federal Government will stick firmly to its present policy line, with further reduction in inflation and wages growth as the primary objectives.

The Government is already into the preliminary stages of planning the 1978-79 budget, to be presented in August. According to authoritative sources in Canberra, the Prime Minister has accepted the assumption of a 6.5 per cent. growth in inflation for the next financial year.

The scale of the budgetary problem, however, was illustrated last month when senior Ministers examined the first preliminary spending bids from departments. On these figures, there was a gap between income and expenditure of $A6.8bn.

The gap was created less by the spending ambitions of Government departments than the falling-away of revenue through Mr. Fraser's tax-cutting of the past two years.

In the current year, the Government is likely to incur a deficit, for much the same reasons, of close to $A3bn. instead of the $A2.2bn. it had planned.

AMERICAN NEWS

Canada stand-by credit may reach $3bn.

BY FRANCIS GHILES

THE STANDBY credit which Canada is negotiating with a group of international banks, led by Citicorp, could amount to $3bn., three times what was expected last week when the news of massive Canadian borrowing was first announced. The terms will include an eight-year maturity and a split interest rate—the U.S. prime rate for the first four years and ¼ per cent. above the U.S. prime rate for the remainder. It is understood that there are no arrangements for compensating balances.

The management group includes eight banks, six of which are U.S. ones—Bank of America, Bankers Trust, Chase Manhattan, Chemical Bank, Continental Illinois, Dresdner Bank, Manufacturers Hanover, and Union Bank of Switzerland.

This is the biggest medium-term bank credit ever, the largest to date being the $2.5bn. which Britain raised in 1974.

Canadian borrowers raised far more in medium-term credits last year than borrowers from any other country—$3.3bn. If international bond issues and bank credits are added up, that figure rises to $8.5bn., which is well ahead of the second most important borrower last year, the U.K., which only raised $3.9bn.

Total reserves in the Canadian official exchange fund account amounted to $U.S.4.58bn. on April 30, up by $612.7m. from that of March 31. There was also a decline of $U.S.211.3m. in Canada's reserve position in the International Monetary Fund during the month, but this resulted from other countries repaying loans from the IMF which they had previously contracted. The reduction did not reflect any drawings by Canada on the IMF credit facility.

Canadian officials said that the reduction in the IMF position was reflected almost entirely in a compensating rise in U.S. dollar holdings and, therefore, did not affect the overall level of the Government's foreign exchange reserves.

Support against the buffeting

BY JAMES SCOTT IN TORONTO

CANADIAN central bankers believe that the recovery in the Canadian dollar since mid-April, combined with the announcement of a new $U.S.3bn. standby credit from a consortium of U.S. banks will bring a halt to the speculation that has buffeted the currency for the past few months.

The credit is to some extent designed to restore confidence in the Canadian dollar on the currency markets. Mr. Jean Chretien, Minister of Finance, told the Toronto Bond Traders Association, that "one reason for the borrowing is to tell the currency market that we won't let the Canadian dollar go too far. We need the backing to be credible," he said. "we don't want undue pressure on the dollar."

Pressure on the Canadian dollar has pushed it down to the 88 U.S. cent level, reflecting the weakness of the economy and particularly the Government's failure to control inflation. With high unemployment and inflation rising to nearly double figures, the popularity of Prime Minister Pierre Trudeau's Government has dropped sharply.

The Government has borrowed or arranged standby credits totalling about $U.S.7bn. since late last year, of which only about $U.S.1.35bn. has been used up to the end of April, although a large amount of that was needed during the first couple of weeks of April.

Canadian bankers endorse the Government's borrowing actions unanimously and the Department of Finance and the Bank of Canada say the Government's actions are working and that there is no need for foreign exchange controls and that no further borrowing will be needed.

The approach needed to stabilise the Canadian dollar, they say, is a long-term programme of tariffs aimed at restoring Canada's competitive export position. This should be supplemented, they believe, by the Government's ensuring that foreign borrowing is maintained at levels consistent with an appropriate level of the dollar deemed desirable to stimulate exports.

Mr. Chretien said the latest large foreign borrowings would reduce domestic financing needs. He said that the Government would use some of the money, converted to Canadian dollars, in its currency market operations for budgetary purposes "depending on what our need for cash balance is." But he did not elaborate.

In his speech to the Association, he said that the domestic federal debt financings could be accomplished "without disruptive effects on the market" through a reduction in the present "very high" cash balances, and partly through increased sales of Canada savings bonds, Treasury bills and marketable bonds.

"There will be a large Canada savings bond campaign this autumn, in view of the overall size of cash requirements and in order to encourage the reinvestment of the special $2bn. in interest coming due," he said.

The announcement of the stand-by credit, substantially more than expected, comes at a time of growing criticism of Mr. Trudeau's economic management. A poll earlier in the week showed that the Liberal Party's support had slumped to 41 per cent. of committed voters, equal to that for the Progressive Conservatives. This development appears to have scotched plans for a summer election.

Liberal MPs were calling their constituencies to cancel pre-election plans. Rumours circulating on Parliament Hill suggested that, if public opinion polls continue to run against Mr. Trudeau, he may resign and thus delay an election until autumn.

"With a new leader, like John Turner (a former Finance Minister who has retired to private life), they would be ready to go to the country next spring. They've done it before," said a worried Progressive Conservative.

THE NIXON MEMOIRS

Thin rewards for readers

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

WORDSWORTH ONCE described the art of poetry as "emotion recollected in tranquillity." It is a prescription that would not appear to have had any effect on Richard Nixon. He has been sitting, for the most part quietly, in his Californian fastness for nearly four years, reflecting on his presidency and the abrupt and emotional end to it.

Now he has produced his memoirs, and, on the basis of extracts which have been published in the Press this week, would appear to have turned the rare trick of making what ought to have been fascinating not only unpoetic but downright mundane, as well as rather uninformative.

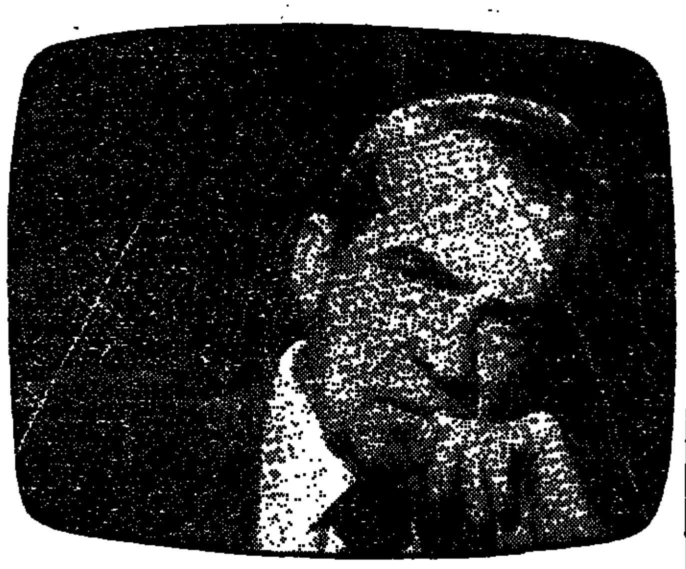
At least this is the impression that is gleaned from the public reaction to the former President's recollections. Preceded by the inevitable media promotion, and with the appetite for Watergate rewhetted by the publication of the admittedly disappointing book by his former chief aide, H. R. Haldeman, an air of expectancy awaited the moment when Richard Nixon told all. It was a mood similar to that evident in advance of his televised interviews with David Frost last year.

Those sessions were not entirely barren, as Mr. Frost drew some blood from the Nixonian stone. But the printed version seems to be going down with a dull thud. The newspapers who had purchased serialisation rights are still bravely putting the story on the front page—though, by the fifth instalment, at the bottom rather than the top. Those who did not are relying on the most cursory summaries.

And in Washington itself, which normally thrives on minute examination of such documents, there is clearly greater interest in the performance of the local basketball team in its quest for the championship.

In part, of course, this reflects disappointment at the fact that Mr. Nixon has not confessed all about Watergate. But it also reflects disappointment that the former President, in discussing both Watergate and the momentous foreign policy initiatives he was involved in, has apparently succeeded in throwing so little light on events. As one observer has put it, he writes about incidents with which he was intimately associated almost as though he were not a participant.

From a commercial standpoint, the memoirs will probably be a success: the former President is understood to have received advance payments of well over $1m. for the book, and this will undoubtedly be recouped by its sales (the cheapest version is to sell for $19.95 a copy, well above the norm; the most expensive, leather-bound and signed, for $250) and serialisation rights.



Mr. Richard Nixon

The publishing industry has been placed in something of a dilemma over the memoirs, prompted by a growing public feeling that it is somehow improper for plotters in the Watergate scandals to profit from their misdeeds. There is already one lawsuit seeking to deny royalty payment to Mr. Haldeman for his book—but this has not stopped it rising to the top of the non-fiction best sellers list. Although some bookshop chains and book clubs are not promoting Mr. Nixon's memoirs as heavily as they might, nobody seriously disputes that the venture will be profitable for all concerned.

But the pickings for the reader, it appears, will be thin. In the extracts released this week, the former President gives the impression that the whole Watergate affair was essentially a public relations problem. He denies he erased the critical tape of his conversation with Mr. Haldeman days after the initial burglary. He says he did not order destruction of the tapes because he thought they might serve as an insurance policy for himself should some of his aides turn against him—as John Dean, his legal counsel, had done. He reinforces the view that the White House in the last 18 months of his presidency was a hotbed of paranoia and mutual suspicion, but others have done that before.

His momentous sessions with Mao Tse-tung and President Brezhnev similarly fall to come to life and there appears to be minimal discussion of the conceptual strategy and planning that lay behind his initiatives. Mr. Nixon does say that his decision to bomb Hanoi in December, 1972, was the most difficult decision of the Vietnam war and he expresses grief over the shooting of four students at Kent State University in Ohio two years before.

But emotion, never associated in his long political career with Richard Nixon except in his moments of absolute defeat, is hardly a conspicuous characteristic of his memoirs.

U.S. money supply increases again

By Stewart Fleming

NEW YORK, May 4.

THE FEDERAL Reserve Board to-day reported another surge in the growth of the U.S. money supply in the banking week ending April 26, as two of the largest commercial banks brought their prime lending rates up to the recently established 8¼ per cent. level.

A week ago, Chase Manhattan Bank began the move to an 8¼ per cent. prime but, with the announcement to-day that Manufacturers Hanover and Morgan Guaranty Trust were also falling into line, it can now only be a matter of time before all the major banks follow suit.

Of more concern to the money markets, however, will be the announcement that the money supply grew for the sixth consecutive week — with the M1 measure (currency plus checking accounts) and the M2 measure (which includes deposit accounts) both rising by a hefty $1.7bn.

Before the announcement, the short-term money markets were already nervously wondering whether there might be yet another round of credit tightening by the Fed in response not only to recent monetary growth, but also to the new and disturbing signals about continued inflation contained to-day in the April wholesale prices figures.

For the present, however, this seems too alarmist a view. For one thing, although the money supply grew very strongly in April (M1 by more than 13 per cent., compared with the previous four weeks), this in part reflects the low base. Also, in the more significant longer term, growth is still within the Fed's targets, with a 5.8 per cent. rate of growth from the average of 13 weeks ago.

Moreover, most analysts have concluded that the recent moves by the Fed to tighten credit, which have raised the federal funds interest rate target by half of a percentage point to 7¼ per cent., have been taken partly in anticipation of worrying trends on inflation and the money supply which are now being justified. Thus it is argued that —because of the speed with which the Fed has acted, of the sharpness of the upward jolt it has given to short-term interest rates—the authorities will hesitate before moving again.

There is, however, no unanimity on this view, especially because analysts are not sure how the Fed will behave under its new chairman, Mr. William Miller.

What seems more likely is that the Fed will raise its discount rate from the current 6½ per cent., not only to signal its enduring concern about inflation, but also because there are signs that Fed members are beginning to take advantage of the cheap money available at the discount window. Borrowings by member banks at the Fed averaged $1.6bn. in the week, compared with $760m. the week before. That is the highest average since the week of October 19, last year, when borrowings were especially heavy because of the attractive differential which the Fed had to eliminate.

NY aid plan clears hurdle in Congress

By John Wyles

NEW YORK, May 4.

THE CARTER Administration's plan for rescuing New York City from bankruptcy has cleared its first major Congressional hurdle and won a 32-to-8 vote of approval by the House Banking Committee.

The proposal for giving New York $2bn. of federal loan guarantees for 15 years had been expected to win the support of the House Committee but the majority was larger than expected.

The real obstacle to congressional approval for the federal aid plan remains Senator William Proxmire, Democratic chairman of the Senate Banking Committee. Both Senator Proxmire and the Committee's senior Republican, Senator Edward Brooke, are publicly unconvinced of the need for giving New York a continuing federal prop.

Determined lobbying is underway to try to win the backing of at least eight of the 15 members of the Senate Committee.

Tentative SALT accord on missiles reported

BY OUR OWN CORRESPONDENT

WASHINGTON, May 4.

THE U.S. and the Soviet Union were reported to-day to have reached a tentative compromise which would limit both sides to a ceiling of 2,250 missiles and bombers until 1985.

The New York Times reported to-day that the U.S. had indicated it was prepared to accept this ceiling—which is substantially higher than that originally proposed last year by President Carter—on condition that the Soviet Union would agree to a sub-ceiling of 1,200 on the number of missiles equipped with multiple warheads (MIRVs). The newspaper said that Moscow was ready to enter into a pact along these lines.

If verified, the outstanding differences in the strategic arms limitations talks (SALT) would be appreciably reduced by this settlement. Still to be reached are agreements on the use of the Soviet Backfire bomber and on the modernisation of existing missile forces.

The 2,250 ceiling would require the Soviet Union to retire some of its current bomber and missile fleet, thought to number about 2,500 while the U.S. would have to make no overall cuts. Under the 1974 Vladivostok Agreement, both sides accepted a 2,400 ceiling. In the spring of last year, in the opening shot of the renewed strategic arms talks, President Carter proposed a limit of 1,800, which was rejected by Moscow.

According to the New York Times, both sides are confident that agreement on modernisation can be reached by negotiators within the next few weeks. This would then set the stage for a direct meeting between Presidents Carter and Brezhnev later this summer to deal with the backfire issue.

Any SALT agreement requires ratification by the U.S. Senate—a doubtful prospect at present. Administration officials are said to believe that the reduction in overall Soviet missile and bomber strength will improve the chances of Congressional approval. But that may turn out to be unduly optimistic.

U.S. COMPANY NEWS

LTV big first quarter loss; General Dynamics ahead; Heinz in agreed bid for Weight Watchers International — Page 31

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WORLD TRADE NEWS

Foreign car sales fall in U.S.

By John Wyles

NEW YORK, May 4.

SALES OF imported cars in the U.S. appear to have been hit in April by price increases forced this year by the decline of the dollar in foreign exchange markets.

Last month's fall in imported car sales from 206,000 a year ago to 179,500 was the first time imports fell below their year earlier volume since August, 1976. Of the top four importers—Toyota, Datsun, Honda and Volkswagen—only Honda was able to increase sales.

The significance of the fall is highlighted by the fact that total April car sales were the highest monthly aggregate since the boom year of 1973. A 9.2 per cent. increase in home-produced car sales helped to return a seasonally adjusted annual rate of sales of 12.5m. compared to 11.8m. last month and 11.61m. a year ago.

The sales survey reflects a post-winter recovery from the November - February period, when deliveries from dealers fell by 200,000 on the comparable period the year before. However, few analysts are revising upward their projections of a year-end total of between 10.7m.-11m. because it suspected that the latest figures point to a substantial "borrow" from future sales.

Consumer confidence surveys indicate that many purchases are being made in anticipation of future price increases stemming from the U.S. inflation rate, which the Carter Administration says is running at an underlying 6½-7 per cent.

U.S. manufacturers are none the less drawing considerable satisfaction from the April sales, achieved on a 25-day selling period compared with 26 days last year. Imports' market share fell to 17.6 per cent. from 17.9 per cent. in March, while each of the four domestic producers increased sales.

As a group they sold 862,940 cars, compared to 821,969 a year ago. General Motors' sales were up 9.6 per cent., Ford 4.6 per cent., Chrysler 17.8 per cent., and American Motors 11.7 per cent.

Details are not available yet, but principal sales gains are likely to have been registered by the medium and small cars, which will benefit from the increasing cost of import models.

● General Motors (GM) is being investigated by the Justice Department for possible criminal violations of Environmental Protection Agency (EPA) procedures. The EPA has been investigating whether cars submitted by GM for testing for pollution standards were specially selected or purpose-built. GM has filed a suit against the EPA challenging its right to conduct spot tests on vehicles coming off assembly lines.

● Chrysler is recalling 1.2m. of its Plymouth Volare and Dodge Aspen cars because of possible safety hazards, the fourth time in six months that the cars have been recalled for checks. Chrysler has also recalled two fifths of Omni and Horizon cars sold since their launch at the start of the year.

Third world in components drive

Motor component manufacturers from the third world countries are stepping up their efforts to begin exporting to Europe. Among producers showing at the Sitev components' exhibition at Geneva, which will run from May 23 to 26, are companies based in India, Morocco, Mexico, Tunisia, Turkey, Yugoslavia and Israel, our Motor Industry Correspondent writes.

The Sitev exhibition, now virtually established as the premier motor components show in Europe, will have 12,000 exhibitors' stands.

Mexico pulls out

Mexico has withdrawn from two aluminium projects involving Jamaica and Venezuela, AP-DJ reports from Kingston, Jamaica. Jamaica, in serious financial difficulties, had invested nearly $5.8m. in one project.

Japan expected to supply China with TV tube plant

BY CHARLES SMITH

TOKYO, May 4.

JAPAN IS almost certain to supply China with a colour TV tube manufacturing plant as the second major project to be completed under the recently signed eight-year trade agreement between the two countries.

This became clear to-day when Hitachi, one of three potential suppliers of the plant, revealed that it had been conducting talks with China. Two other Japanese companies, Matsushita Electric and Toshiba, are also competing for the project but China is said not to be looking at proposals from Europe or the U.S.

The decision to concentrate on Japan is described as a "political" one arising out of the fact that the eight-year $20bn. trade agreement between the two countries creates a framework within which Japanese sales of industrial plants can be financed out of the proceeds of Chinese exports of raw materials.

The Chinese TV tube plant would have a capacity of 600,000 tubes per year, according to news agency reports on which Hitachi would not comment. It would cost about Yen 30bn. ($132m.) and China seems to be in a hurry for work to start as soon as possible. If work begins this summer, as the Chinese are said to want, the plant could probably go into production in 1980.

The Chinese plant will produce PAL system tubes of the kind used for TV broadcasting in the U.K. and West Germany (and adopted by China for its domestic broadcasting system). Hitachi says that the export of the plant would be covered by its basic licence with AEG Telefunken for the use of PAL technology. Licensing problems could arise, however, if China planned to export TV seats containing PAL system tubes.

Hitachi and Toshiba are Japan's two top manufacturers of TV tubes with Hitachi's output estimated at some 4m. tubes per year and Toshiba's somewhat higher. Both companies sell tubes to other TV manufacturers, unlike Matsushita whose production is geared entirely to its requirements.

Neither Hitachi nor any other manufacturer seems prepared to discuss details of its negotiations with China at present but it is understood that the plan will be built on a turn-key basis and that the contract will be awarded to one of the three competing companies, not to a consortium.

News of the TV tube project follows confirmation that Nippon Steel and other Japanese steel manufacturers will be involved with a Chinese plan to build an integrated steel plant on a waterfront site near Shanghai. Apart from these two major projects China is known to be planning to buy a series of other plants from Japan.

Brazilians to offer iron ore

BY DIANA SMITH

RIO DE JANEIRO, May 4.

A HIGH-LEVEL Brazilian trade mission will soon leave for China, offering a package that includes 10m. tonnes of iron ore, eventually rising to 20m. tonnes, 500,000 tonnes a year of pig iron, sugar, soya and manufactured products.

Contacts have been made between Brazilian and Chinese officials and Companhai Vale do Rio Doce (CVRD), Brazil's state-run mining conglomerate, appears confident that the iron ore deal will succeed. Part of the ore would go to the new Shanghai steel works, being built under Nippon Steel supervision, and part to the An-Chan works.

China expects Brazil to buy oil, fertilisers, chemicals and pharmaceutical products and especially coal from Fun-Chum, which the Chinese plan to extract at 100m. tonnes a year.

China is seen as an essential outlet for Brazilian pig iron. The industry has a 2.7m. tonne annual capacity and a surplus of more than 1m. tonnes this year because of the EEC's 300,000 tonne quota.

● A four-member trade team representing leading engineering companies here left for China to attend the Canton Trade Fair, our New Delhi correspondent writes.

The team will also transact business in areas where the Chinese indicated interest during their visit to the second Indian Engineering Trade Fair last February.

UNCTAD urges action to curb multinationals

GENEVA, May 4.

A REPORT by the United Nations Conference on Trade and Development (UNCTAD) calls for action to limit what it called restrictive business practices by multinational companies aimed at controlling marketing and distribution.

The report, by the UNCTAD Secretariat published here, says the devices used by multinationals ranged from price fixing to total control of trade channels.

The secretariat proposes action by industrialised and developing countries to monitor prices, deals, takeovers, cartels and market-sharing arrangements by multinational corporations. It adds that "action needs to be taken to limit the ways in which patents and trademarks may be used for regulating imports and exports and so isolating markets and maintaining high prices."

The report, said the grip of multinational companies on world marketing and distribution channels had an even greater impact on third world economies than their much criticised investment and production policies.

It suggests that developing countries could set up their own import and export trading houses and establish direct marketing outlets in principal foreign markets.

Reuter

Japanese chartered ships plan

Japanese shipping lines may import about 40 ships worth an estimated $800m. under the emergency import programme adopted by the Government last month to cut Japan's trade surplus, the Japan Shipowners Association told Reuter in Tokyo.

The programme enables the Government to lend dollars from its external reserves to the lines for importing "Shikumisen" ships—vessels built and chartered to them by their owners subsidiaries or affiliates, it said. This allow them to borrow dollars through the Export-Import Bank of Japan at 5 to 6 per cent. per annum for ten years to import the ships, for which they are paying charterages based on interest rates of about 10 per cent., the association added.

Trilateral meeting over Siberian gas

Japan, the Soviet Union and the United States are to meet in Tokyo on May 24 to 27 to complete plans for a $4.1bn. East Siberia natural gas development project, AP-DJ reports from Tokyo.

Japan and the United States would each receive an estimated 10bn. cubic metres of natural gas a year for 25 years, starting in 1983, from reserves near Yakutsk.

Petrochemical plan

Japan and Singapore are determined to launch their petrochemical project as planned on an island off Singapore despite doubts over the economic viability of the joint venture, according to Toshio Konoto, Japanese Minister of International Trade and Industry, Reuter reports from Singapore.

Molins machine sale

Molins, the international precision engineering company, has won an order for cigarette filter machinery worth about £1.25m. from Japan.

More U.K. exports using foreign-currency invoices

FINANCIAL TIMES REPORTER

BY MAY last year the proportion of United Kingdom exports invoiced in foreign currency had risen to 30 per cent. of the total, in value terms, from 27 per cent. some six months earlier, according to a random survey of export shipments conducted by the Department of Industry.

The rise was mainly due to an increase of invoicing in United States dollars, which accounted for 14 per cent. of the total compared with 12 per cent. six months earlier and 8 per cent. in April, 1976. Some 45 per cent. of total U.K. exports to North America were invoiced in dollars, a slight drop on six months earlier, when the proportion was 49 per cent., but considerably higher than the 30 per cent. a year earlier.

As much as 16 per cent. of total exports to the EEC and 22 per cent. of exports to the rest of Western Europe were financed in dollars and 26 per cent. of exports to Japan, confirming the widespread use of the U.S. dollar as an invoicing currency.

The increasing tendency to invoice exports to the EEC and other West European markets in currencies other than sterling—either in dollars or the buyer's own currency—is also borne out by the survey. Foreign currency financing accounted for 37 per cent. and 33 per cent. respectively of total U.K. exports to those markets, compared with 31 per cent. and 19 per cent. respectively six months earlier and 21 per cent. and 16 per cent. in April 1976.

The survey also indicates that foreign currency invoicing is more widespread among large exporters (exporting over £25m.), accounting for 40 per cent. of total exports, and for the bigger transactions (£250,000 and over) where 45 per cent. of the total were invoiced in foreign currency.

The survey includes a breakdown by commodity grouping, showing that foreign currency invoicing is used most widely for exports of fuels and basic materials (58 per cent.), chemicals (48 per cent.) and metals and metal products (41 per cent.), but points out that that may mainly reflect the market pattern of exports.

Signs of a business upturn in Dubai

BY CELIA MAY

THERE IS a feeling of cautious optimism in Dubai that the economic tide may have turned after the gloom of the past 12 months. Bankers say they detect increasing business activity while activity at Port Rashid, where in March a record number of containers was handled, could herald an upturn in trade.

Last year businessmen in the Emirate, accustomed for the past three years to a fast economic growth rate that seemed destined to continue for ever, had a shock when the boom in property finally ended and the United Arab Emirates Currency Board, refusing to act as lender of last resort, allowed the closure of the two banks which were most over-extended in property loans—the Oman Arab Bank and the Janata Bank.

The tightening of credit coincided with uncertainties over spending by the UAE federal government, which is playing an increasingly important economic role in Dubai as more and more of the Emirate's own income from oil (thought to amount to about $1bn. a year) is absorbed in paying for projects already under way, in debt servicing and recurrent expenditure.

As business slowed down, many small companies which had gambled on the boom continuing and bought huge stocks on credit, found themselves unable to meet their obligations to their bankers. Goods piled up in port godowns and in warehouses in the town and the price of many commodities plummeted because of glut conditions. A number of smaller companies went bankrupt, and many speculators had their fingers burnt.

The decline in the value of the dollar added to the problems of some companies, especially those which, like the importers of Japanese cars, were also affected by the rise in the yen. Japanese car dealers have had the dilemma of deciding whether to keep prices down in order to remain competitive but suffer smaller profits, or raise prices and sell fewer cars.

Yet even though last year is regarded as, at best, a year of consolidation, Dubai's imports still increased by nearly a third over those of the previous year, reaching about $3bn. Britain with sales of £264.5m., was second to Japan among the Emirate's leading suppliers.

The current upturn in business probably stems in part from the effect of federal government expenditure in the Emirate, following the resolution last summer of differences between the Emirates over the federal budget. This year's federal budget has not yet been published. The Currency Board has also eased credit restrictions, which should lead to the injection of $70m. into the UAE economy.

But though construction cranes are active in Dubai and there is a healthy bustle among the dhows lining the Creek which are engaged in the transshipment trade, few businessmen here expect the boom conditions of the first three years after the 1973-74 oil price rise to return.

Much of the basic infrastructure of the Emirate was built in that period and the two major construction projects in Dubai are nearing completion. The dry dock, which will be capable of taking tankers of up to 1m. tons dwt. (of which none has been built), is nearing completion, as is the extension of Port Rashid to provide an extra 22 berths.

However, development is proceeding 17 miles down the coast at Jebel Ali where a port and industrial complex is now in its second year of construction. It is still said officially that the port will have 74 berths, though it appears increasingly likely that this figure will be reduced.

The plan for an airport there has been quietly dropped. Dubai's aluminium smelter, LPG plant and aluminium extrusion plant are under construction there, and the Emirate is looking to these to supplement its revenue from oil and its well established entrepot trade with Iran, Saudi Arabia and the Indian subcontinent, on which it built its fortunes before oil was discovered.

One illustration of the optimism of local businessmen is the fact that a new English language newspaper has just opened here and another is expected to follow within a few months. Some people have pointed out that this seems to be repeating the pattern of duplication of good ideas.

For the consumer, however, duplication makes life much better. The hotel building boom over the past three years has ended the previous critical shortage of hotel rooms and it is now easy to get a reservation. In the past three months the 368-room Hilton has opened in Dubai, and in nearby Sharjah a 115-room Holiday Inn and a 250-room Meridien have opened. Another example of duplication is the fact that four football stadiums are being built or are about to open in Dubai.

International companies are still moving into Dubai, often to use it as a base for operations in the Middle East or the Gulf. Good communications and an open attitude to business make it a suitable choice. But overheads are still high. Despite a good supply of property, rents for expatriate homes have not fallen significantly (except in Sharjah, where the number of empty buildings has almost produced the air of a ghost town). It still costs about £17,000 to rent an unfurnished villa in the fashionable Dubai district of Jumairah.

However, with the departure of so many construction workers at the end of their contracts, rents may start to fall at the lower end of the market. The decline in construction employment has had one striking effect: for the first time in years Dubai airport is reporting more departures than arrivals.

HOME NEWS

Alfred Herbert £1.2m. sale probe

By John Brennan, Property Correspondent

LAWYERS REPRESENTING Alfred Herbert, the State-owned machine-tool group, are investigating the events surrounding last year's £1.2m. sale and lease-back of its Coventry offices, Draywood House.

The investigation is mentioned in the statement by Sir John Buckley, chairman, with Herbert's annual accounts, published yesterday. It includes a warning about possible future reductions in the work force.

Sir John writes of Draywood House that "it came to light shortly after the acquisition that an intermediary had made a significant profit.

"Preliminary investigations in July and August 1977 indicated that a fuller and detailed investigation was necessary into the whole of the circumstances surrounding the acquisition: this investigation has necessarily taken some time and is still in progress."

In July last year Herbert bought Draywood House from Sherwood Securities for £1.2m., and resold it at a near £1m. profit to South Yorkshire County Council.

The investigation concerns the initial purchase, which was through an intermediary company, not Sherwood directly. The intermediary, Kingsbridge Advances, is believed to have made a £225,000 profit on its section of the deal.

Sir John said yesterday that Herbert's lawyers, Pinsent and Co. of Birmingham, had been asked to investigate as the Board was "anxious not to take up too much time on this irritating side-issue."

Enterprise Board supports Rolls engine for Boeings

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE National Enterprise Board, which owns Rolls-Royce on behalf of the Government, has approved Rolls' long-term development plan and supports the development of the new 535 version of the RB-211 engine for use in the proposed new family of Boeing jets, it was disclosed yesterday by Sir Leslie Murphy, chairman, when he presented the Board's reports and accounts in London.

Sir Leslie said that, while the Enterprise Board did not want to see Rolls-Royce tied exclusively to either a U.S. or a European market, it nevertheless felt that collaboration with the U.S. on a new short-to-medim range jet could lead to four times as many jobs in Britain's aerospace industry as might come from collaborating on a European programme.

The go-ahead for full-scale development of the 535 (which would be likely to cost more than £200m. over the next five years) had still to be given though, and this would depend on winning markets for the engine.

Interest

Rolls-Royce is already working with Boeing to get the 535 designated as the "lead engine" in the Boeing 757 programme. It could also be used in another of Boeing's new jets, the medium-range tri-jet 777. Another version of the RB-211, the Dash 22, could be used in Boeing's third new jet, the twin-engined 200-seat 767.

British Airways has expressed interest in the 757, with the 535 engine, and is regarded by Boeing as a possible "launching customer" for the aircraft.

Boeing has offered the U.K. aerospace industry participation in the design, development and manufacture of the 757 up to about 40 per cent. of the air-frame, or more, depending on negotiation.

Mr. E. H. Boullioun, president of Boeing's Commercial Airplane Company, is visiting Britain soon to discuss his proposals with Mr. Eric Varley, Industry Secretary.

While Sir Leslie was bullish yesterday about collaboration with the U.S., he did not close the door entirely on Europe. He felt that the U.S. ventures offered big opportunities for British industry that rarely occurred, but they did not have to be mutually exclusive with the programmes now being mooted on the Continent.

One of the European projects under study is the Airbus Industrie 200-seat B-10 version of the A-300 Airbus. Another is the proposed Joint European Transport (or JET) in various versions from 130 to 163 seats. No decisions on these have been taken.

Other engines believed to be included in the long-term Rolls-Royce development plan are the RB-401, an engine of about 5,500 lb thrust for small executive jets and similar aircraft and the RB-432 of about 15,000 lb thrust that would be a replacement for the ageing Spey engine.

Amoco group in participation agreement

BY RAY DAFTER, ENERGY CORRESPONDENT

AMOCO EXPLORATION group's hopes for new North Sea licences were raised yesterday after signing a State participation deal with the Energy Department and British National Oil Corporation.

The group was left out of the fifth round of licences last year because of Amoco's reluctance to sign an outline participation agreement.

After months of negotiations, however, Amoco and its two private-interest partners — Amerada Hess and Texas Eastern — have finally accepted participation terms.

They are among the last companies with commercial North Sea interests to sign such a deal. Fifty-nine companies have now signed full participation agreements giving the State an option to buy up to 51 per cent. of their crude production.

In the case of the Amoco group, however, the State oil corporation will have the right to buy up to only 29.2 per cent. of the oil production. This is because the group already has a State-owned partner in British Gas.

The deal signed yesterday relates principally to the Montrose Field, a medium-sized find with an estimated 150m. barrels of recoverable reserves. Peak production of about 50,000 barrels a day is expected to be reached later this year.

Interests in Montrose, which lies in blocks 22/17 and 22/18, are: Amoco (30.77 per cent.); British Gas (30.77 per cent.); Amerada Hess (23.08 per cent.): and Texas Eastern (15.38 per cent.).

British National Oil has now gained an effective voice and specific voting rights in the Montrose operating group. Although it will buy up to 29.2 per cent. of the field's output at market price, it will sell back a certain proportion of this to Amoco to protect the latter's U.K. refinery interests.

Amoco, on the other hand, has accepted State participation in all of its other commercial interests (including probably the North West Hutton, and Hutton discoveries) granted under pre-fifth round licences.

Amoco, which is expected to bid for new licences in the sixth round later this year, said last night that negotiations had been caried through amicably.

Societies discount 'house price explosion'

By Michael Cassell, Building Correspondent

THE BUILDING societies yesterday attacked what they described as "alarmist" reports of sharply rising house prices.

According to the Building Societies Association, house prices in the first three months of 1978 rose "fairly substantially," although not as dramatically as reports suggested.

Individual cases of substantial price rises had been seen as typical, the association claimed, and had tended to distort the real situation.

The association's comments, made in the latest issue of its quarterly bulletin, contain no direct references to the cut in mortgage lending imposed by the Government when it became concerned over rising house price trends.

On the evidence of figures available, prices in general in the first quarter of this year were about 3 per cent. higher than in the last three months of 1977.

In February, new house prices were over 15 per cent. higher than a year earlier while the average for all types of properties had risen by a little over 9 per cent.

Record lending

The rate of house price increases was accelerating, but it could not, the societies emphasise, be termed an "explosion."

The association disputes that there has been a reduced supply of houses on the market, pointing out that societies have been lending at record levels.

Demand had simply out-stripped supply so that the houses available had been sold more quickly.

Nor had first-time buyers been priced out of the market. Prices were rising because so many first-time purchasers were seeking to enter the owner-occupied sector.

Figures from the Abbey National Building Society—the country's second largest—showed yesterday that average house prices rose by 2.5 per cent. in the first quarter, only half the rate suggested a few weeks ago by the Nationwide.

New house prices in the first quarter were nearly 5 per cent. up on the previous three months and 19 per cent. up on a year ago, the Abbey says.

Corinne Cockrell

Appeal starts on right note

The National Westminster Bank's jazz band yesterday helped launch an appeal for the benefit of mental health. Sir Peter Vannock, Lord Mayor of London, has chosen the cause as his appeal for 1978 and it is hoped to raise £2.5m.

The money will extend the work of two leading charities, The Mental Health Foundation and MIND, the National Association for Mental Health.

The Lord Mayor opened the campaign as president at the Mansion House in the City of London. Already over £250,000 has been promised for the appeal, which will take the form of approaches to industry and commerce and a flag day will be held next Tuesday.

National Westminster is meeting the costs of the appeal, and the bank's band —pictured with Mr. Robin Leigh-Pemberton, appeal committee chairman—has made a record to raise funds.

Roads move could end Liverpool land blight

By Rhys David

LARGE AREAS of land encircling the centre of Liverpool are likely to be freed from planning blight as the result of a decision by the Government to back revised road plans put forward by the Merseyside County Council.

The new scheme for an inner ring road replaces a much more grandiose plan put forward 12 years ago which had the effect of preventing development over an area of nearly 300 acres.

The old scheme, for which Parliamentary powers were obtained by Liverpool Corporation, would have involved an elevated road which, with slip roads at junctions, would have been 14 lanes wide in places.

Uncertainty caused by this scheme—now recognised as out of scale with the needs of the area—has been blamed for driving small businesses away from the city centre and making it much more difficult to attract new enterprises.

The Government is to give £150,000 towards the £200,000 estimated design costs in 1978-79 of a much smaller scheme based on dual, two-lane carriageway roads with simpler and less expensive junctions.

A substantial proportion of the total cost of the project has also been promised.

Announcing the decision, Mr. William Rodgers, Transport Secretary, said that when plans were finalised, the county would be able to release land acquired for the original scheme but now blighted, and this would help increase opportunities for development.

The Government's support for the ring road is one of a number of new projects announced for Merseyside after the visit last week of a deputation from the city to see the Prime Minister and senior Cabinet members to discuss the social and economic problems of the area.

The Department of the Environment has said that it is willing to consider requests by Liverpool for further resources for its public housing programme should the council spend up to the limit of its present allocation.

Leyland names chief of foundries sector

BY TERRY DODSWORTH

BRITISH LEYLAND has appointed Mr. Don Rutherford, formerly one of Ford's leading foundry managers, as managing director of its foundries division.

Mr. Rutherford, a 49-year-old engineer, was a member of the team which built the Thames Foundry at Dagenham, the largest in Europe, and from 1966 to 1972 was manager of Ford's foundry engineering in Europe.

His new job will mean directing operations of Leyland's West Yorkshire Foundries, Wellingborough, and Beans Foundries, which makes both iron and aluminium castings for the motor and other industries.

This will also involve introducing a number of new projects, despite a cut in Leyland's foundry spending from £109m. to £46m.

Some of the top jobs in product planning and engineering for the restructured British Leyland's cars division were also announced yesterday.

Mr. Alan Edis, 38, will be business and product planning director of Jaguar-Rover-Triumph and he will be on the Board of that company.

The director of vehicle engineering, Mr. John Lloyd, 54, moves over to become product engineering director of Rover-Triumph.

Ray Bates, 48, at present director of component engineering development, will become product engineering director of Austin/Morris. And Mark Snowdon, now staff director of car product programme planning, will be business and product planning director of Austin/Morris.

Hopes brighten slightly for Wheal Jane

By Paul Cheeseright

THE PROSPECTS for averting the rapid closure of the Wheal Jane tin mine in Cornwall brightened slightly yesterday when it became known that the immediate threat of flooding had receded.

The mine becomes liable to flooding if the pumps at the neighbouring Mount Wellington mine stop working. It was the intention of Cornwall Tin and Mining, the owner, to stop the pumps this morning, but it has agreed to delay while the Government continues talks with Consolidated Gold Fields, the owners of Wheal Jane.

Gold Fields said last week that Wheal Jane would be closed because of an earlier decision to shut Mount Wellington. Water from Mount Wellington would seep through to the Wheal Jane workings in quantities the existing pumps could not handle.

More than 300 jobs were lost at Mount Wellington. A further 400 will be lost if Wheal Jane closes. The unemployment rate in the area is already 11 per cent. Mount Wellington is not in a financial position to keep its pumps working for the sake of a neighbouring mine and it needs a decision about the future of Wheal Jane by the end of office hours to-day.

Merrett to manage Sasse

BY JOHN MOORE

MANAGEMENT of Mr. Frederick Sasse's syndicates is to be taken over by Merrett Dixey Syndicates, one of the largest underwriting agents at Lloyd's.

Under this arrangement, the troubled Sasse syndicate number 762, which was suspended in December when it became clear that a Brazilian reinsurance group was not prepared to settle claims made on it by Sasse, will be managed by one of the most respected teams at Lloyd's.

Lloyd's said yesterday that terms had been agreed for the purchase of Sasse Turnbull and Company, the underwriting management agency business of Mr. Saase, and "the arrangement has been approved by the Committee of Lloyd's.

"Mr. Sasse will continue to exercise his underwriting authority under the agency of Merrett Dixey and, in addition, will act as consultant to Merrett Dixey on agency matters."

Mr. Sasse's consultancy services will relate only to the affairs of the syndicates which he has managed in the past. In addition to syndicate number 762, Merrett will be acquiring syndicate numbers 562, 759 and 891.

Mr. Stephen Merrett, of Merrett Dixey, said that a price had not been determined for the purchase "since the three-year Lloyd's account prevents us from arriving at a valuation." He explained that the purchase does not affect the suspension of syndicate 762.

The idea was approved by the committee of Lloyd's at Wednesday's meeting and the agreements were signed by Sasse and Merrett yesterday.

Mr. Sasse approached Merrett Dixey a month ago at the instigation of the committee of Lloyd's. However, since then Mr. Sasse had been trying to arrange an alternative deal which involved another influential managing agent, who rescued another Lloyd's syndicate (number 155) three years ago. This proposal was rejected by the committee of Lloyd's at Wednesday's meeting.

Merrett Dixey has not taken over the liabilities of the members of the Sasse syndicates. Only management services are provided.

Grays investors likely to see cash next month

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE GRAYS Building Society, which at Easter disclosed that £7m. was missing from its accounts, yesterday told investors that they were not likely to have access to their money much before the end of June.

Mr. W. H. Rate, the society's chairman, has written to investors and borrowers expressing his regret over the "worry and hardship."

The Grays has still not re-opened its doors and proposals are in hand to transfer its business to the nearby Woolwich Building Society.

A support operation involving all members of the Building Societies Association is under way.

It was hoped within the next three weeks to be able to call an annual meeting for June at which the transfer would be recommended, Mr. Rate said.

Members would then become members of the Woolwich and have access to their funds. Borrowers have been asked to keep paying off their mortgages.

Plans approved for Cambridge Circus site

By John Brennan, Property Correspondent

NINETEEN YEARS after the first plans were drawn for the reconstruction of Cambridge Circus in London's West End, Camden Council has given the green light to a £14m. office, shop and housing scheme on the 1.74 acre site.

The Greater London Council, Camden Council and the Department of the Environment have now agreed to revised plans for the redevelopment of the site by Town and City Properties and its co-developer, the privately owned National Freehold and Leasehold Property.

Initial proposals put in 1959 involved a 22-storey 326,000 square foot office block on the site. Two decades of planning attrition have cut the scheme to 172,520 square feet of offices, 15,450 square feet of shops, show-rooms and restaurants, and 68 houses and flats for Camden.

Buildings forming Cambridge Circus itself, and stretching into parts of Charing Cross Road and Shaftesbury Avenue, including the Phoenix Theatre, will be preserved.

New office buildings facing Charing Cross Road are to be restricted to seven storeys. Those facing Shaftesbury Avenue will be ten storeys high, but they will be stepped back at the fifth floor to give a pyramid effect.

Under the new scheme, which is unlikely to be completed before the early 1980s, parts of New Compton Street will be closed and Stacey Street will be realigned.

Efficient use of appliances 'could save £400m. a year'

BY MAX WILKINSON

MORE EFFICIENT use of electricity in domestic appliances could result in a national saving of up to £400m. a year, a report from the Department of Energy suggests to-day.

The report recommends that a system of energy labelling should be introduced to help consumers choose the more efficient types of machine.

The report is based on a study carried out for the Department of Prices by the Consumers' Association.

It showed that the difference in running costs of freezers of similar capacity could be as much as £48 a year. One brand cost £14 a year to run while a similar model cost £62.

Most consumers were unaware of the variation in energy consumption between different brands of appliance, and few considered running costs when buying.

One of the main conclusions was that space heating should be given priority in any overall energy conservation campaign, and that energy labelling should include gas appliances.

The survey covered nine types of electrical appliance. It estimated that a household which owned the nine most efficient brands might save £120 a year on its electricity bill, with an annual running cost of £70.

Estimates of national savings possible were rather uncertain. The aggregate saving from using only the most efficient models of the nine groups of appliance would be between £177m. and more than £400m. a year.

Domestic users consume just over a quarter of the country's total energy used and about 40 per cent. of electricity used.

At least 60 per cent. of a household's total fuel bill is estimated to go on space heating and 80 per cent. on space and water heating together.

In general, consumers underestimated the cost of space heating and overestimated the cost of running appliances.

A scheme of energy labelling such as was recommended by the European Commission could encourage manufacturers to consider energy consumption more carefully in the design of appliances.

Energy Efficiency Labelling. Free from Department of Energy, Thames House, South Millbank, London, SW1P 4QJ.

Rutland salver fetches £60,000

SALEROOM

BY ANTONY THORNCROFT

THE RUTLAND SALVER, made of gold 12 inch in diameter, and depicting the arms of the Dukes of Rutland surrounded by those of 16 Irish towns, sold for £60,000 plus the 10 per cent. buyer's premium at Sotheby's yesterday.

The salver is one of only three works of art in gold by Paul Storr, the leading Georgian silversmith. It was made in 1801, probably from gold melted down from snuff boxes presented to the fourth Duke of Rutland when he was Lord-Lieutenant of Ireland. It was bought yesterday by S. H. Harris, the London dealers.

The silver sale brought in £238,852, with only 6 per cent. unsold. A George II coffee pot by Paul de Lamerie went for £11,000; a pair of George IV wine-coolers by Paul Storr for £10,000; a set of three George III tea caddies by George Methuen for £5,000; and four George II table candlesticks by Thomas Gilpin for £4,200.

In Zurich on Wednesday Sotheby Parke Bernet held a jewellery sale which totalled £3.8m. Diamonds were in particular demand. A diamond ring with a stone weighing 15 carats sold for £223,000 ($410,000), which works out at $27,350 a carat, making it the second highest price per carat at auction for a white diamond. A diamond necklace made by Tiffany went for £169,444, and a diamond ring with a stone of 13.30 carats for £91,866.

Christie's, South Kensington: sold a fine collection of fans gathered by Mrs. George Baldwin of Milwaukee. It brought in £34,428, £10,000 more than the estimate.

A record price for a European fan of £2,600 was paid for a French fan of around 1680. A masquerade fan made in England about 1740 for the Spanish market realised £2,100. The Victorian and Albert Museum bought five lots for £3,330.

Continental buyers, particularly Belgian and Dutch, were out in force yesterday for Christie's sale of English and Continental oak, which realised £77,549. The sale was noteworthy for 42 lots sold by the Earl of Scarbrough and removed from Lumley Castle, Co. Durham.

From that total of £23,830 came the day's top lot, £4,400, which the Dutch dealer Peters paid for a Dutch oak cabinet of the 17th century.

Ulster resists call to raise gas prices

By Our Belfast Correspondent

MUNICIPAL GAS undertakings in Ulster are expected to refuse to increase prices by as much as 10 per cent., as a condition of a Government offer of £3m. aid to reduce their debt.

Belfast Council is already being advised by its Gas Committee not to charge a higher rate until the Government makes up its mind on demands for natural gas to be piped from Scotland.

The Northern Ireland Gas Employers' Association said that to raise gas prices, already nearly three times higher than in Britain would sharply reduce the 174,000 consumers.

British Rail surplus rises by £21.7m.

BY IAN HARGREAVES AND PAUL TAYLOR

BRITISH RAIL, buoyed by a 3 per cent. increase in passenger traffic and a stronger performance from its freight business and most of its subsidiary activities, increased its operating surplus by £54.7m. to £68.4m. last year.

After interest and other charges, the surplus was £27m., against £5.3m. in 1976. This is after taking into account grants of £364m. from central and local government for uncommercial passenger services. These grants totalled £324m. in 1976.

Mr. Peter Parker, the railways chairman, warns in his annual report published yesterday that the present frozen level of capital spending is laying up problems for British Rail in the future.

Investment requirements would peak in the mid-1980s, reflecting heavy capital spending in the late 1950s and early 1960s.

A 30 per cent. increase in the annual investment budget between 1981 and 1991 would be necessary to deal with the problem. Over 75 per cent. of the railways' 10,600 diesel and electric multiple unit trains are over 16 years old.

Mr. Parker describes 1977, his first full year as chairman, as "a year of advance."

Steel recession

Rail freight reduced its deficit from £27.5m. in 1976 to £5.5m. and would probably have broken even but for the steel recession.

Passenger business on Inter-City trains was up by 8 per cent., giving an average increase for the network of just under 3 per cent.

The shipping interests moved from a £2m. loss to a record operating profit, although Hovercraft, hit by the accident to the new N500 craft, plunged to a £0.6m. loss.

Hotels, property and engineering all did better.

Manpower was reduced during the year by 4,456 to 178,200, less than half the 8,000 jobs-a-year reduction proposed in a five-year plan two years ago.

The report blames this slowdown on a tight incomes policy restricting productivity deals and on the general unemployment picture.

On fares, the Board's policy remains the maximisation of passenger miles within the present grants and cash limits by marketing cheap tickets for off-peak services to special groups.

Fares problem

Fares were last increased in January and appear unlikely to increase again this year.

The problem of how to avoid fare increases above the average for London and South East services remains "intractable," Mr. Parker says.

A decision must be taken on financing and replacing the assets of heavily loss-making rural services, where the condition of some trains was becoming "unacceptable."

Last year, these "other provincial services" produced £42m. in revenue against direct expenses of £72m. and made no contribution to the general railway overheads.

London and the South East contributed £68m. to central overheads on revenue of £233m. and Inter City contributed £127m., as well as meeting £160m. direct expenses, on revenue of £287m.

Indirect costs

The report this year contains for the first time information about areas of the passenger business and forecasts for 1978.

These show total indirect costs for the passenger business increasing by 16 per cent., to £583m., with total direct expenses of £503m., and revenue of £685m.

Mr. Parker hopes to take further the trend towards semi-autonomous operation of business groupings within British Rail, and will consider the possibility of joint venture capital for groups like its shipping division to finance new projects.

The case is also advanced for electrification of another 3,000 route miles—a doubling of the present electric network. This preliminary case is being studied by the Government.

Details of the main railway activities are:

Rail Passengers:

Passenger volume increased by 3 per cent. to 18.2bn. passenger miles and earned £593m., an increase of 17 per cent. over 1976.

Revenue from reduced fares and special promotions rose by 21 per cent. to £204m.

Traffic volume

Traffic volume on Inter-City services increased by 8 per cent. and revenue went up 19 per cent. to about £285m.

Overseas earnings and tourist spending in this country contributed £21m. to overall passenger revenue.

Travellers-Fare, the rail catering arm of British Transport Hotels, recorded a £2.6m. net loss (£0.24m. loss in 1976) on an increased turnover at £14.8m. (£12.8m.), while station catering generated a net operating surplus of £0.8m. (£0.6m.) after paying rentals and allowing for depreciation.

Rail Freight and Parcels:

Overall freight and parcels loss fell by £22m. to £5.5m. The total volume of Railfreight traffic fell by 6m. tonnes to 170m. tonnes but gross revenue rose by £41m. to £348m.

Speedlink, BR's highspeed wagon service started last year, operated 29 daily services carrying more than 2m. tonnes of which 25 per cent. was new business. Exports handled by Speedlink increased by 24 per cent.

The parcels business continued to be a net drain on the freight sector in spite of exceptional growth in the Red Star sector which increased its volume by 9 per cent. to 4.5m. packages.

Total parcels revenue was up 12 per cent. to £110m. It is understood the net loss was about £10m., half the 1976 figure.

British Rail Engineering:

Turnover increased by £25.5m. to £258m. resulting in an operating surplus of £0.56m. (£0.35m. in 1976).

Record orders worth £46m. were received from outside customers including £42m. in exports. Total order books at the end of the year were £59m.

Transmark:

Transmark, the railway consultancy company increased its gross income by £0.2m. to £2.86m. and had a net surplus after taxation of £86,000.

Hotels:

British Transport Hotels doubled its net profit to £1.53m., while turnover rose 22 per cent. to £29.9m.

Shipping division profit is £5.1m.

By Lynton McLain, Industrial Staff

BRITISH RAIL'S Shipping Division made a trading profit of £5.1m. after interest last year compared with a deficit of £1.2m. in 1976.

To meet growing demand it will invest £100m. over the next five years in new ships and port facilities.

The improvement results from an increase in revenue on most passenger and freight services. The Irish services showed a marked improvement with the number of passengers up 20 per cent. to 2.1m. compared with 1976.

Road haulage vehicles carried on this service rose by 13 per cent. to 160,000, but cargo dropped by 11 per cent. to 16,000 tonnes.

The favourable sterling exchange rate contributed to success on routes to the Continent. The number of passengers carried rose 9 per cent. to 7.8m. and the number of road haulage vehicles was up 21 per cent. to 220,000, compared with 1976.

To meet growing demand on the Dover-Calais service, Mr. William Rodgers, Transport Secretary, has authorised a second £15m. vehicle ferry for delivery in May 1980. In January, approval was given for a similar ship

LAND PIPELINE LINK WITH DURHAM

Frigg gas to cost more

BY KEVIN DONE, CHEMICALS CORRESPONDENT

BRITISH GAS is to lay a new trunk pipeline to the north of England from its St. Fergus terminal near Peterhead, north of Aberdeen to cope with fresh gas supplies.

The Corporation warns that the cost of supplies will rise appreciably with the start of production from the northerly fields.

Mr. Geoff Roberts, Board member responsible for production and supply, commented: "I think we must expect to have to pay more because the gas is going to cost more to win. I would like to think gas might get cheaper, but it is no good being foolishly optimistic. It won't."

The first supplies of northern North Sea gas are coming from the Frigg field, developed at a cost of £2bn. Although North Sea gas prices are a commercial secret, it is understood that Frigg supplies are costing British Gas three or four times the amount being paid for gas from fields in the southern sector of the North Sea.

The proposed new landward pipeline, the fourth from St. Fergus, will initially carry supplies from the Frigg field.

Flexibility

The new line will run to a junction point at Bishop Auckland, Co. Durham, and should be built between 1980 and 1982. The route has yet to be decided.

Gas flow from the northern North Sea fields will reach its peak when Shell/Esso's Brent field comes on stream in the early 1980s.

British Gas has chosen to build a 42 inch diameter land pipeline to add flexibility to the national gas network in preference to boosting compression on the existing three pipelines.

Gas started flowing last September from the Anglo-Norwegian Frigg field, developed by a consortium headed by the French oil companies Elf Aquitaine and Total.

It is one of the world's largest offshore gas fields so far developed. It will be adding more than 30 per cent. to Britain's present supplies, with 1,500m. cu. ft. of gas a day (43m. cu. metres) flowing ashore, when peak production is reached in October 1979.

When Brent comes on stream in the early 1980s, it will bring a further 500m. cubic feet a day (14m. cubic metres) to supplies flowing through St. Fergus. Together, the Frigg and Brent fields will boost British Gas supplies by as much as 50 per cent.

The Frigg field is to be inaugurated on Monday by King Olav of Norway. This will be followed by the official opening of the £100m. St. Fergus terminal—developed by Total Oil Marine and British Gas—by the Queen and the Duke of Edinburgh on Tuesday.

The offshore development of the Frigg field has cost some £2bn. Onshore, £500m. has been invested in gas reception and treatment terminals, compression facilities and pipelines.

Platform tow starts

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE £200m. Ninian Central oil platform last night began its tow around the north of Scotland from the coast of Skye to the field north-east of Shetland, after a series of delays because of fears about the weather.

Chevron Petroleum, operator on the Ninian field, and Howard-Doris, which built the 600,000-ton concrete structure, gave the order to divers to cut the anchor chains yesterday morning. Ocean-going tugs then took up the strain.

This was done in spite of a thick mist shrouding the platform.

Forecasts indicated that when the platform with its eight tugs reaches shallow waters at the mouth of the Minch, the critical point in its journey, the weather would be good.

That point should be reached some time this morning. The 430-mile voyage is expected to take 10-12 days.

The structure will then be ballasted so that it sinks to the seabed, and work will begin to fill any spaces beneath it with concrete and hook up equipment carried in the 22 modules.

Woolworth attacks £140m. film developing market

Financial Times Reporter

F. W. WOOLWORTH is launching a film processing service in selected stores in a bid to break into the £140m. film development market.

The move comes after nine months of successful test marketing and two years after Woolworth first began selling cameras and other photographic equipment.

Starting this month, 150 branches will develop and print a popular 20-exposure colour film for £3.75, the same price charged by Boots and Dixons Photographic.

The Woolworth stores which are selling cameras and films already will guarantee the quality of the prints.

They will also provide the new print-from-print colour service, as well as processing transparencies and black-and-white film. Accessories will be on offer.

Race inquiry

THE COMMISSION for Racial Equality is to conduct an investigation into the National Bus Company, Mr. William Rodgers, Transport Secretary, said in a Commons written reply. This was not in response to complaints, but part of a long-term strategy of inquiry into the transport industries announced last October.

Quarter of haulage companies make loss

FINANCIAL TIMES REPORTER

A QUARTER of all road haulage companies are losing money and profitability is still falling, according to a survey.

The survey from Jordon Dataquest reports that 24.2 per cent. of companies questioned lost money in 1977 compared with 22.8 per cent. for the previous year and 16.2 per cent. in 1974.

The loss makers include some of the public sector subsidiaries of the National Freigh Corporation. The survey compares the performance of the public sector with the 10 largest private companies and concludes that the average profit margin in the latter was 8.3 per cent. on total sales of £52.8m.

This compares with a 9 per cent. average loss for the 12 NFC subsidiaries on a total sales turnover of £125.2m.

In the five years to 1976, total road haulage tonnage decreased by 7 per cent., while rail freight tonnage remained static. Haulage by the public corporation increased during the period and accounted for 52.6 per cent. of total road tonnage in 1976 compared with 50.4 per cent. in 1972.

Road haulage survey. Jordon Dataquest. £32 from Jordon House. 47, Brunswick Place. London. N.1.

Textile 'Neddy' sought

A STRONGER emphasis on the positive achievements of the Lancashire textile industry was expected by Mr. Derek Nightingale, newly elected president of the British Textile Employers Association, yesterday.

The industry is also seeking authority for the creation of a "little Neddy" or alternatively a sector working party, in co-operation with the unions.

Describing the last three years as the most depressing period since the second world war for the textile industry, Mr. Nightingale said recent months had brought "many encouraging

Assurance on Kepone

BY SUE CAMERON

MR. PETER SHORE, Environment Secretary, yesterday tried to allay fears about the disposal in the U.K. of Kepone, a highly toxic pesticide.

Allied Chemicals, a U.S. company, wants to send 60 tons of Kepone pesticide mixture to Re-Chem International's Pontypool plant in Wales, where it could be broken down into safe component parts.

Re-Chem, a U.K. concern, has its headquarters in Southampton, and Mr. Bryan Gould, MP for Southampton Test, wrote to the Environment Secretary after reports that the chemical might be destroyed in his constituency at Fawley.

The use of Kepone, banned in both the U.S. and the U.K., has been found to cause tremors and sterility among those working with it. There is some evidence that it might cause cancer.

Mr. Shore has written to Mr. Gould saying that the Health and Safety Executive has already prohibited the destruction of Kepone in the U.K. and assuring him that the ban will not be lifted "until and unless a safe method of working has been fully established."

London hotels full

LONDON'S HOTELS are full this week-end. The capital's Tourist Board is advising travellers to postpone plans for visiting the city unless they have confirmed hotel reservations. It said last night "If people arrive, we will do our best to find them rooms outside London."

The position results from demand from conference delegates, Acension week-end tourists from Europe and football fans crowding into London for tomorrow's Cup Final.

TV rentals to be probed

BY JOHN LLOYD

TELEVISION rental charges, and the price of toothpaste, are to be examined by the Price Commission, Mr. Roy Hattersley, the Prices Secretary, said yesterday.

The Commission is also examining books, footwear, road haulage, cab services and the recommended retail prices in bedding.

● The 121 Consumer Advice Centres in the U.K. will receive 100 per cent. grants from the Government until March 31 at a cost of £3.79m.

LABOUR NEWS

Union rejects near 10% pay offer to building workers

BY NICK GARNETT, LABOUR STAFF

A PROPOSED pay settlement for 700,000 construction workers has been rejected by the Transport and General Workers' Union.

The union's negotiators had recommended acceptance of the offer, which is claimed by the employers' side to be worth fractionally less than 10 per cent. on earnings.

Construction union officials say it is unlikely that the deal will now be accepted unless an improved offer is made, but the employers said at the last negotiating session that further improvements would not be offered.

The transport union's national constructional committee has already sanctioned industrial action, including one-day stoppages on construction sites, if the employers' final offer proves unacceptable.

Negotiators for the four construction unions agreed last month to recommend acceptance of the proposed deal. Officials of the General and Municipal Workers Union subsequently overturned that decision after studying the offer in more detail.

Mr. George Henderson, national construction officer for the transport workers which, along with the Union of Construction, Allied Trades and Technicians is the largest union in the industry, said yesterday that almost all the union's regions had now rejected the deal.

The unions are meeting to-day to discuss the position. Mr. Frank Earl, the General and Municipal's national construction officer, will attempt to show the offer is worth a maximum of 8 per cent. on earnings instead of the employers' claim that it is only just short of 10 per cent.

The transport union's joint national crafts and construction committee is meeting next week to formalise its position.

Oil rig recognition poll

BY OUR LABOUR STAFF

THE FIRST union recognition agreement on a North Sea oil platform will be signed after a ballot among white collar staff on the Occidental platform in the Piper field.

The ballot covered 70 technicians, operators, storekeepers and clerks. More than three-quarters of the 52 who returned ballot papers opted in favour of union recognition.

The Association of Scientific, Technical and Managerial Staffs is expected to be the largest union although there will probably be a joint union agreement involving the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union.

Occidental has already told the unions that it will be prepared to sign a union recognition agreement if the ballot was broadly in favour.

Engineers' Right wing presses policy control

BY CHRISTIAN TYLER IN WORTHING

RIGHT-WINGERS in the engineering union expect to reassert their control of policy to-day when a decision is taken on the next wage claim to be pursued for 1¼m. workers in the private sector.

Building on the unexpected decision of the Amalgamated Union of Engineering Workers' engineering section, on Wednesday, to seek £100 a week for Government employees, the Left is trying to spread that demand across the whole union.

The Right is facing resolutions at the section's national committee meeting here, asking for the minimum rate of skilled engineering worker to be raised from £60 to £100 a week from next spring.

It will be counting on the support of the volatile North-east delegates to command a 29-23 majority to defeat the Left. The Tynesiders are proposing a claim of £70 a week, and phased reduction in the working week.

No vote has yet been taken on the pay debate which began last night, but Mr. John Boyd, Right-wing General Secretary, appealed for moderation. He told the committee that in its own national agreement the union could not afford to be extravagant and flamboyant in its demands.

That would lose the support of the membership, he claimed. It was only in industries where the AUEW was not the majority union that such demands could be afforded.

He was replying to Mr. Jimmy Reid from Clydebank, who said the committee should not subject itself to the ignominy of standing on their heads by voting for £100 a week one day and much less the next.

Mr. Jimmy Airlie, also from the Clyde, made it clear there was no intention of breaking the present 12-month national engineering agreement by seeking another wage rise the moment Stage Three of the incomes policy runs out on July 31.

With the Right even more firmly in charge of the engineering section, after elections announced on Tuesday, and the succession of Mr. Terry Duffy as president, there is little prospect that Britain's second-largest union will be taking any militant stance against the Government's next wage restraint policy.

● LEADERS of the engineering union have to decide soon whether to risk court action by pressing ahead with a full merger of the four sections of the Amalgamated Union of Engineering Workers.

They failed again yesterday to persuade the policy-making national committee of the engineering section to endorse proposals first drawn up four years ago.

Right-wingers, including some who wanted to see the Left-wing led white-collar section TASS dropped altogether, carried the day by 29 votes to 23 after an intense debate which occupied most of the day.

According to Mr. John Boyd, General Secretary, the executive now faces the possibility that if it goes over the head of the national committee and evokes the 1964 Trade Union Act to put a transfer of engagements cut to ballot, the anti-Tass group could go to court to argue that the Act does not allow extensive rule changes that would be required to be left to the executive.

Civil servants urge end to pay policy

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S largest Civil Service union will be "absolutely and overwhelmingly" opposed to any fourth round of pay restraint, Mr. Ken Thomas, general secretary of the Civil and Public Services Association, said yesterday.

He was convinced that substantial increases in Civil Service pay were due next year.

"I give warning to the Government that if it wants to keep Civil Service expenditure down next year the *only* way is to impose a statutory incomes policy. We are not going to be singled out for special treatment."

Next week's conference of the association, representing 190,000 members in mainly clerical grades, will consider many pay motions, the overwhelming number of them calling for opposition to any further stage of pay policy and for abandonment of the Pay Research Unit.

The unit, which is being brought back for Civil Service pay in 1979 after suspension under incomes policy, recommends levels of Civil Service pay after comparison with that in private industry.

Many of the motions call for withdrawal from the unit and for a special conference of the union each year to formulate its pay demands.

The Government may have trouble with all the Civil Service unions in the next pay round on the issue of London weighting allowances.

A motion before the conference calls for an urgent review of the allowance, and its removal from the national pay claim to be dealt with by separate negotiation.

Shun profit-sharing schemes, says GMWU

BY PAULINE CLARK, LABOUR STAFF

EMPLOYERS who see financial and industrial relations benefits in profit-sharing handouts to workers on the basis outlined by Marks and Spencer this week could face mounting opposition from trade unionists.

The General and Municipal Workers' Union—Britain's third largest union, with a toehold in almost every major sector of industry—has issued a strong warning to its local negotiators against such schemes almost simultaneously with the Marks and Spencer announcement.

Until now, the TUC and individual unions have adopted a notably aloof stand on profit-sharing, notwithstanding the recent publicity on the subject prompted by the publication of the Finance Bill last month.

But the GMWU predicts that new tax concessions to encourage profit-sharing are likely to lead to such schemes becoming more widespread.

In a directive which gives perhaps the first clear glimpse of trade union thinking on the issue, members are warned against being fooled into such schemes as a substitute for the transfer of power to the workers.

It reminds them that shareholdings given to employees are invariably insignificant and warns them that workers should be paid for their labour rather than invest part of their potential earnings in their company.

As to the pitfalls where negotiators are having to consider individual profit-sharing schemes, the union gives a warning against marked bias in favour of staff and higher-paid employees and of the danger of workers being penalised for wage increases won through established negotiating procedure.

Although companies are expected to prefer to pay bonuses through shares because this places no strain on cash resources, the union urges employees to insist on cash which they are free to spend as they like.

The TUC has cold-shouldered the shares schemes because it believes employees should not be expected to be constrained by profit performance before industrial democracy gives them some control of profits.

Mr. Roy Sanderson, a national officer in the Electrical and Plumbing Trades Union and former employee shareholder in the Lucas scheme, has no ideological objections but sees share schemes as inferior to other forms of bonuses over which workers have a measure of control.

Along with other self-financing productivity deals which have arisen under the latest period of Government wage restraint, there is considerable trade union interest in, for instance, the latest ICI scheme based on turnover results because it is equated with shopfloor efficiency.

Union will consider scrapping post vote

By Nick Garnett, Labour Staff

A PROPOSAL to abolish postal voting in the election of the executive committee of the Association of Scientific, Technical and Managerial Staffs will be considered this month by the union's annual conference.

The proposal, which Mr. Clive Jenkins, the union's general secretary, said yesterday was basically sensible, has been drawn up by a rank-and-file working party.

After this year's conference the members will discuss the proposal further at branch level until next year's rules revision conference.

At present, ballots for the executive committee, which through the year translates conference decisions, take place at branch meetings. There is also a system of postal voting for members who cannot attend the meetings where the ballots are held.

The proposal would end the postal option. The proportion of voting for each candidate at the ballot meeting would be multiplied out to cover all the members of each individual branch.

Mr. Jenkins said that the proposal would help stimulate interest in the union at branch level, and lead to a more accurate reflection of the opinions of the membership. Only a tenth of the union's membership usually bothers to vote in the ballot.

ASTMS, one of the staunchest opponents of Britain's joining the EEC, is considering how to exert influence on the European Parliament in the event of direct elections. Proposals may include setting up of a full-time office in Brussels and sponsoring of ASTMS members as European MPs.

Consultants to vote on pay deal

By David Churchill

BRITAIN'S 13,000 hospital consultants are to vote on whether to accept a new contract worked out after over a year of negotiations. The consultants' leaders yesterday voted 43-2 in favour of recommending its acceptance.

But implementation of the contract will still be conditional on the independent Review Body, which determines doctors' pay, putting a value on the contract acceptable to the consultants.

Counsel walks out after 'personal attack' by Tether

COUNSEL for the Financial Times in an unfair dismissal claim hearing at a London Industrial Tribunal, walked out of the court yesterday as a result of remarks made by Mr. C. Gordon Tether, the newspaper's former Lombard columnist.

Mr. Thomas Morison told the tribunal members after an adjournment that he meant no discourtesy to them. He considered that remarks by Mr. Tether constituted a personal attack on him and he felt it better that he should not in any way be affected in the performance of his professional duty because of it.

Mr. Tether, who seeks reinstatement or compensation, wrote the Lombard column for 21 years. He was dismissed 19 months ago after a dispute about the control of Mr. Fredy Fisher, the editor, over his daily column.

Yesterday Mr. Tether protested about earlier comments by Mr. Morison that at times during cross-examination he had been unable to obtain a coherent or constructive answer to proper questions to such an extent that the cross-examination had been a travesty of justice.

Mr. Morison had also said that the Financial Times still did not fully appreciate Mr. Tether's case and for that reason was unable to test it properly by question and answer.

Mr. Tether told the tribunal that he was disappointed Mr. Morison should attack him "in such intemperate fashion." He wanted to make it clear that he considered this portrayal of his behaviour during cross-examination to be a "travesty of the truth."

'Hostile'

His case had been set out clearly and it was disingenuous for a lawyer of Mr. Morison's distinction to say that he did not understand it. It was difficult to avoid the conclusion that it was because the Financial Times did understand his case that it had been adopting such an unreasonable attitude.

He had been doing his best to answer Mr. Morison's questions in a truthful and helpful way, notwithstanding the fact that Counsel's tone of voice throughout had been decidedly hostile.

After Mr. William Wells, QC, chairman, had ordered an adjournment, Mr. Morison returned and said that he had intended no discourtesy. It was a personal attack and he considered it better that he should not in any way be affected in the performance of his professional duty because of it.

His competence and integrity was not an issue before the tribunal and it would be improper for him to attempt to defend himself before it.

Mr. Wells said that the tribunal had taken note of Mr. Tether's comments, but it would be less than fair to Mr. Morison or the Financial Times, were it not to make it clear that it did not agree with Mr. Tether's criticisms of Mr. Morison's conduct of his cross examination.

Later, replying to questions from the tribunal, Mr. Tether said that the management of the Financial Times did not have the right to insist on making a change in his employment so as to destroy his work and reputation. If that happened in industry generally, there would be "absolute uproar." It would never be tolerated.

Freedom

There was nothing of more world-shattering importance than the freedom of the Press and a crucial part of that was the freedom of independent writers.

If their work was to be mutilated and altered to accord with the wishes of their editor, then there was no freedom of the Press, Mr. Tether said.

Mr. Brian Dupe, the tribunal's trade union nominee member, asked why he was not able to convince the NUJ chapel (union office branch) at the Financial Times that that was the proper way to see his dispute.

Mr. Tether replied that the attitude of the chapel was that there was a very considerable issue involved, both on the freedom of a writer and his employment. But it decided essentially that it was too big for it to handle, and asked for the national disputes procedure to be invoked.

Mr. Dupe said that, as he saw it, the union championed the cause of C. Gordon Tether. It did not see it as an international, world-shattering journalistic dispute.

Mr. Tether replied that that was misrepresenting the facts of life. Many big issues had been raised through individual issues.

Mr. John Edwards, father of the Financial Times NUJ Chapel from 1974 to the beginning of 1976, was asked by Mr. Morison whether throughout his discussions with the editor on the dispute, Mr. Fisher had demonstrated any lack of god faith with Mr Tether.

Mr. Edwards said that certainly there was a basic fundamental disagreement between the editor and Mr. Tether. The editor insisted that he was entitled to exercise his editorial prerogative.

Mr. Edwards agreed that it was not personal dislike of Mr. Tether that motivated Mr. Fisher's view, but his strongly held view as editor.

The hearing continues to-day.

Talks on increase in poll expenses

By Rupert Cornwell, Lobby Staff

THE GOVERNMENT is hoping for all-party agreement on legislation before the next general election to increase the amount of electoral expenses permitted every candidate who contests a Parliamentary seat.

The present allowance for a flat £1,075 plus an extra 6p for every six names on the electoral register in the case of "county" seats, and 6p per eight names for urban "borough" seats, has stood since 1974.

The sum covers what may be spent by each party for its candidate out of its own resources. For the average Westminster constituency of about 63,000 potential voters, this amounts to between £1,600 and £1,700. But it excludes concessions from the State such as free mailing facilities.

Although there is general agreement among political parties that the allowance should be stepped up to take account of four years of rapid inflation, talks are at an early stage and no consensus has emerged. One will be required *quite soon if* new arrangements are to be in force by October, considered the most likely poll date.

By contrast, there is little prospect of action to raise the size of the deposit put up by candidates fighting a seat—although Mr. Greville Janner, Labour MP for Leicester West, has brought forward his own Bill calling for an increase from £150, a figure unchanged since 1918, to £500.

There are widespread misgivings among Ministers, on the grounds that to triple the deposit would put severe financial pressure on smaller parties and would have dangerous democratic implications.

New attempt for Rhodesia talks launched by Owen

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A NEW initiative aimed at setting up round-table talks involving all the parties to the Rhodesian dispute was announced *in the Commons yesterday by* **Dr. David Owen**, Foreign Secretary, opening a debate on Rhodesia.

He told MPs that it had been decided to send Mr. John Graham, *Deputy Under-Secretary* for African Affairs, to Africa to work with Mr. Stephen Low, U.S. ambassador to Zambia.

Mr. Graham will stay for as long as it is necessary to carry out the preparatory work for successful round-table talks, Dr. Owen said. He would operate from Lusaka and visit Salisbury if that was acceptable to Rhodesia.

The Foreign Secretary emphasised that all-embracing talks, including the leaders of the Patriotic Front, operating outside Rhodesia, were the only way *forward to a negotiated settlement*. He warned of the dangers of worse bloodshed and the possibility of Russian and Cuban involvement if peaceful negotiations should fail.

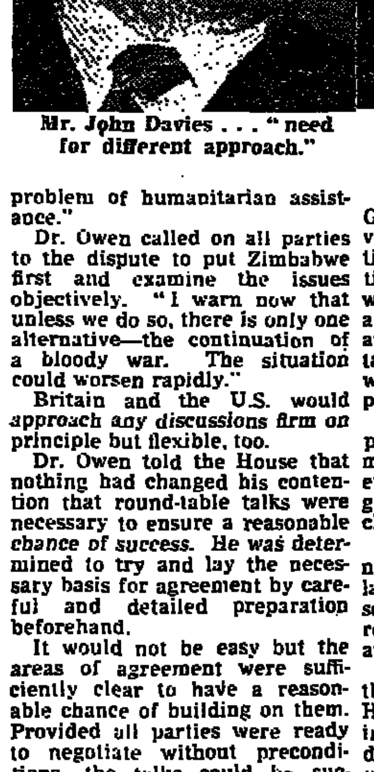
But during a long and detailed speech, he was very cool towards the prospects of success for the internal regime set up by Mr. Ian Smith and the three other African leaders, the Rev. Sithole, Bishop Muzorewa and Chief Chirau.

This brought a strong reaction from **Mr. John Davies** shadow Foreign Secretary, who castigated Dr. Owen's remarks as "negative and unhelpful."

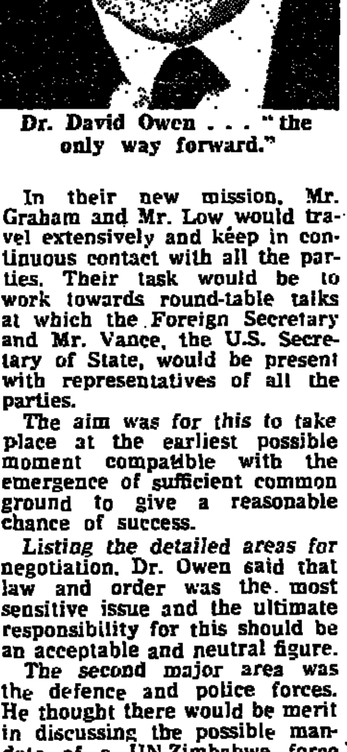
There was also an angry reaction from Tory backbenchers when Dr. Owen announced that the Minister for Overseas Development (Mrs. Hart) is to make £238,000 in aid available to *those affected by the strife in* Rhodesia.

The aid will be channelled through the organisation, Christian Care, and will assist detainees and relatives of those executed by the Rhodesian regime. The money will also help to rehabilitate ex-detainees and war victims in the area.

There were shouts of "shame" and "disgraceful" from the Tory benches, but Dr. Owen insisted: "I believe this is the right way for dealing with the very genuine problem of humanitarian assistance."



Mr. John Davies . . . "need for different approach."



Dr. David Owen . . . "the only way forward."

Dr. Owen called on all parties to the dispute to put Zimbabwe first and examine the issues objectively. "I warn now that unless we do so, there is only one alternative—the continuation of a bloody war. The situation could worsen rapidly."

Britain and the U.S. would *approach any discussions firm on* principle but flexible, too.

Dr. Owen told the House that nothing had changed his contention that round-table talks were necessary to ensure a reasonable *chance of success*. He was determined to try and lay the necessary basis for agreement by careful and detailed preparation beforehand.

It would not be easy but the areas of agreement were sufficiently clear to have a reasonable chance of building on them. Provided all parties were ready to negotiate without preconditions, the talks could be successful.

The Patriotic Front, while reserving their negotiating position on some important points, had expressed readiness to attend. The parties in Salisbury also had reservations but he thought they would be ready to participate if they could be convinced of the value of the talks.

In their new mission, Mr. Graham and Mr. Low would travel extensively and keep in continuous contact with all the parties. Their task would be to work towards round-table talks at which the Foreign Secretary and Mr. Vance, the U.S. Secretary of State, would be present with representatives of all the parties.

The aim was *for this* to take place at the earliest possible moment compatible with the emergence of sufficient common ground to give a reasonable chance of success.

Listing the detailed areas for negotiation, Dr. Owen said that law and order was the most sensitive issue and the ultimate responsibility for this should be an acceptable and neutral figure.

The *second* major area was the defence and police forces. He thought there would be merit in discussing the possible mandate of a UN-Zimbabwe force with the parties in greater detail to try to reach a larger measure of agreement.

Dr. Owen said he shared the fears of Mr. Hove, the dismissed Minister of the interim Government, who thought that Mr. Smith envisaged a situation in which the Civil Service, the police, the judiciary, the Army and the State apparatus remained in the hands of white people.

The Foreign Secretary stressed that there would be major *benefits from a UN peace-keeping* presence. It was vital that none of the liberation fighters returning from neighbouring countries should threaten the stability of Rhodesia or attempt to reverse *the result of* free elections.

Another area to be clarified was the independence constitution. But he thought the best way might be to leave this for further discussion during the *transitional* period.

The grave danger that could face Rhodesia in the coming months was that the fighting would change into a genuine civil war between Nationalist leaders. There would then be a grave danger that the Patriotic Front would seek support, not just from African states but from countries outside Africa. Thus, the risks of failure to reach a negotiated settlement were "*terrifying.*"

In these circumstances, Britain and the U.S. had to continue to seek an agreement which would permit elections under a cease-fire or, failing this, *achieve a measure of political* agreement which would permit a genuine test of opinion of the people of Zimbabwe.

He thought, however, that for Britain to recognise the internal settlement "as some now irresponsibly urge" would be to go back on the fifth principle. How can it now be seriously argued that Britain should, in the midst of a major conflict which clearly demonstrates a divided nation, unilaterally and in direct contravention of the fifth principle, recognise the internal settlement and lift sanctions?

"It would be utterly wrong to do so. It would leave Britain with barely a friend in the world, discredited and despised," he declared.

Tories find two-vote flaw in minorities' support for tax cut

BY RICHARD EVANS, LOBBY EDITOR

ALTHOUGH the vote in the Commons next Monday on cutting the standard rate of income tax looks like being one *of the closest of this Parliament*, Conservative leaders are already preparing themselves for a narrow defeat.

A careful assessment by Conservative whips of all *minority parties shows* that the attempt to cut the sandard rate by 1p to 33p could collapse because of the expected failure of two Northern Ireland MPs, Mr. Ian Paisley and Mr. John Dunlop, to vote with the Opposition.

The Government while increasingly confident of preventing a major setback to its Budget strategy, has decided that Mr. Denis Healey, Chancellor of the Exchequer, *should open the* debate in an attempt to ensure a maximum turnout in the Government lobby.

One of the major themes in the Chancellor's speech will be the damage that could be done by a Commons defeat, when a widely-held view in the City and elsewhere is that he went as far as he could in his Budget on the level of public-sector borrowing.

The vote on the standard rate reduction is expected at about 10 p.m. on Monday, but the other key division in which Tories and Liberals will oppose the Government, the reduction in higher tax bands, may be delayed until the Committee Stage debate next Wednesday.

The division on Monday still depends on the decision of the seven United Ulster Unionists, who will meet shortly before the vote. *The assumption remains* that they will abstain, leaving the Opposition parties just short of the Government total of 311.

PM will not be drawn on Benn speech

BY IVOR OWEN, PARLIAMENTARY STAFF

TORY MPs failed in the Commons yesterday to entice the Prime Minister into commenting on a recent speech by Mr. Anthony Wedgwood Benn, *Energy Secretary*, advocating "workers' control" in industry.

Mr. Callaghan explained that when Mr. Benn addressed the Institute for Workers' Control in Sheffield last month, he did not *speak from a text.*

"I understand that he made no statement of policy, but he did discuss some future possible roles for trade unions in matters of plant closures, the organisation of higher income groups, industrial investment and accountability."

This did not satify Mr. Michael Latham (C., Melton) who referred to a report that Mr. Benn told the Institute that trade unionism was an essen*tial part of the alternative* strategy of workers' control.

Mr. Callaghan blandly replied that as he had not seen the statement reported to have been made by Mr. Benn, he could not comment on it.

John Elliott, Industrial Editor, writes: The Government's White Paper on industrial democracy is expected to be published in the next two or three weeks. It received general approval from the Cabinet yesterday, subject to finalisation of some details.

Peers give Assembly chance for tax powers

By Ivor Owen

THE GOVERNMENT suffered a one-vote defeat on the Scotland Bill in the Lords last night, when peers supported the case for granting the Scottish Assembly revenue-raising powers.

A new clause giving the assembly formal authorisation to submit an application for power to levy taxes to the Government was carried by 77 votes to 76.

The new clause also provides that such an application made by the assembly must be laid before both Houses of Parliament.

The Earl of Perth, who moved the new clause, stated: "The assembly should have minimal taxing powers if we can find a relatively harmless way of achieving this. The subordinate local authorities have a taxing power and unless the assembly *has one we will be in an absurd* situation."

Lord McCluskey, Solicitor-General for Scotland, told the House that the Government had not ruled out the possibility of *giving the assembly some suitable* tax-raising powers, but the right formula for doing this had yet to be found.

The Government suffered another defeat when, by a majority of four (51-47), peers approved an amendment preventing the Scottish Assembly passing its own separate laws to govern abortion.

The amendment was proposed by **Lord Campbell of Croy** for the Conservatives, with the backing of Lord Lovell-Davis, a Labour peer.

An attempt to pass a similar amendment when the Bill was going through the Commons had been defeated by a narrow margin of 17 votes. It is now expected that the Commons will find it difficult to reverse last night's Lords verdict.

In that case, it would mean that the Westminster Parliament would continue to control Scottish abortion laws.

MPs to get pay rise

By Philip Rawstorne

MPs WILL be given a pay rise next month, Mr. Michael Foot, Leader of the Commons, said yesterday.

The increase could be made *under the 12-month rule in mid-*June and the Government would bring forward proposals to deal with it, he told the Commons.

Mr. Bob Mellish, former Government Chief Whip, asking *about the pay prospects*, said: "We, as MPs, are always the very last in any pay queue."

Mr. Foot also confirmed yesterday the Government's commitment to introduce a Bill this session *to improve* MPs' pensions.

Internal agreement drenched with icy water, says Davies

For the Opposition Mr. Davies said that Dr. Owen's speech was of "a negative and unhelpful character" *in terms of trying to* get what they all sought so deeply. "He has continually drenched with icy water all that has been achieved in these last two months by the internal *agreement.*"

Mr. Davies said he understood there was a strong feeling from both sides in Rhodesia that Mr. Smith should stay within the framework of the Executive *Council simply to bring about* the passage to majority rule.

"Of course there is much to be done. Of course, the question of the elimination of racial discrimination is essential. But, let me say, for a *period of two* months only, what has been done is no bad record—quite the contrary."

Mr. Davies said the Opposition understood the importance and supported every *effort made* to try to convince the Patriotic Front "to forswear the use of force and to return to the negotiating table in a peaceful mind."

But he warned against *undermining* the confidence of the Rhodesian people about the possibility of bringing to fruition what they had achieved with such difficulty.

It was no good imagining that by insisting on the support of the Patriotic Front, this would avoid the involvement eventually of the Soviet Union and Cubans.

"If the internal settlement were to fail, could the Foreign Secretary imagine the depths of bitterness and resentment which will exist, not just in the white community, but also in the black community?"

Mr. Davies said he had some misgivings about the Anglo-American principles. They had always had a fundamental weakness in that they did not provide the necessary assurance for reasonably-minded people on the security issue.

He had deep misgivings about the proposal for a general conference without pre-conditions. To *have a conference where* there were no basic elements of accord would introduce a simple display of confrontation and disagreement.

"How can the parties to the *Salisbury agreement throw that* agreement into the melting pot and simply admit they were starting again de novo?" There should be every effort to move a negotiated settlement but that should start from the Salisbury agreement.

There was no reason why we should not move towards assisting in the formation of an electoral register.

Mr. Davies warned that the Conservatives might not support the renewal of sanctions in the autumn, although it would be counter-productive to lift them now.

If things moved forward, as he believed they should, towards an election there would be real difficulty in seeking to continue to penalise a country which was *within touching distance of* majority rule.

Continuation of sanctions could prove catastrophic to the future of Rhodesia. "I do appeal to Dr. Owen . . . to change his *approach to this problem and* hold out a helping hand to these people who are sincerely seeking to move towards the new situation of majority rule and not visit them with the frozen mitt," he added to Conservative cheers.

Mason to meet three Ministers on Dublin visit

By Our Own Correspondent

DUBLIN, May 4.

MR. ROY MASON, Northern Ireland Secretary, is due here tomorrow for talks with the Irish foreign minister, Mr. Michael O'Kennedy, which, it is hoped, will end the strained relations between Britain and the Republic.

But although the mood is likely to be better after the talks, fundamental differences still remain between the two Governments over Northern Ireland.

The Irish would have preferred more political dimension to the talks than Mr. Mason is likely to concede. Apart from Mr. O'Kennedy the Ulster Secretary will also meet the Minister for Justice and the Minister for Economic Planning and Development.

Clothing grant

THE GOVERNMENT has agreed to provide £450,000 over the next five years towards the initial costs of launching the Clothing Industry Productivity Resources Agency, Mr. Alan Williams, Industry Minister of State, announced in the Commons.

Labour MPs fail to win defence chief's sacking

BY RUPERT CORNWELL

DR. DAVID OWEN, Foreign Secretary, last night fended off *renewed calls by Labour MPs* for the sacking of Air Marshal Sir Neil Cameron, who created a diplomatic storm by referring to the Soviet Union at the week-end as the "common enemy" of the U.K. and China.

The demands came at a private meeting of the Parliamentary party shortly after the Chief of Defence Staff had arrived back in this country *from his trip to Peking.*

Dr. Owen reiterated that the Government did not intend disciplinary action. "If we had thought that Sir Neil was making a deliberate attempt to contravene Government policy, action would have had to be taken. But the incident does not fall into that category."

Flanked by Mr. Fred Mulley, Defence Secretary, Dr. Owen stressed that the military in Britain was firmly under the control of the civilian Government. "There is no military finger on the nuclear trigger, either here *or in the U.S.," he* declared.

Next week's business

COMMONS business next week is:

MONDAY: Finance Bill, committee.

TUESDAY: Wales Bill, third reading.

WEDNESDAY: Finance Bill, committee.

THURSDAY: Iron and Steel (Amendment) Bill, second reading; Co-operative Development Agency Bill, remaining stages.

FRIDAY: *Private members' Bills.*

Lords debates are:

MONDAY: Debates on housing policy and on possible purchase of U.S. aircraft by British Airways.

TUESDAY: *Scotland Bill*, committee: Tuvalu Bill, second reading.

WEDNESDAY: Solomon Islands Bill, third reading: Scotland Bill, committee.

THURSDAY: *Trustee Savings* Bank Bill, second reading; debates on enlargement of EEC and on North Sea oil licensing.

Tax allowance 'apology'

LABOUR MP Mr. Frank Allaun (Salford E.) said yesterday that the Treasury might have to pay out several million pounds to industrial workers who had not received full, up-dated income tax allowances for tools and working clothes.

Mr. Allaun said he had received an apology from Mr. Robert Sheldon, *Financial Secretary*, who admitted there were cases where the full allowance had not been met.

This apology the MP claimed could affect "many thousands of the 8m. employees entitled to the allowances."

He had *written to the Chancellor* (Mr. Healey) on behalf of certain engineers who had not received the up-dated tax allowances. In one company in his constituency only five out of 40 skilled fitters and turners had received the full £49-a-year tax alowance.

Spring recess

THE SPRING recess will be from Friday, May 26, until Tuesday, June 6, Mr. Michael Foot, Leader of the Commons, told MPs yesterday.

MP urges Lonrho takeover ban

LABOUR MP, Mr. Dennis Canavan (Stirlingshire W.) called on the Government in the Commons yesterday to ban the takeover of *SUITS by Lonrho.*

He said the takeover should not be allowed to go ahead while the Director of Public Prosecutions was still considering the activities of Lonrho in Africa and the vice-chairman of SUITS was still to face criminal charges in the Scottish courts.

Mr. Michael Foot, Leader of the Commons, said he could not promise a debate on the issue but he undertook to consider the whole matter to see whether he should discuss it with the Minister concerned.

European Bill awaits assent

THE European Assembly Elections Bill, already approved by the Commons, completed its passage through the Lords yesterday.

It now awaits Royal Assent. Britain's first Euro-poll—based on 81 U.K. constituencies—is expected to tak eplace on June 7 next year.

APPOINTMENTS

APPOINTMENTS

S. Parker joins Sketchley Board

Mr. Sidney Parker has been appointed to the Board of SKETCHLEY as a non-executive director. He is a member of the Thorn Electrical Industries Board and chairman of the Thorn Television Rental Division.

★

Mr. J. P. Donohue has been appointed a director of PORVAIR.

★

Mr. Peter V. Sherlock has been appointed director of marketing for HOBART U.K.

★

Mr. R. D. Perring has been appointed a director of R. K. HARRISON, J. I. JACOBS (INSURANCE), and R. K. HARRISON (REINSURANCE BROKERS).

★

Mr. P. N. Darley has resigned from the Board of TOOTAL and has left the group.

★

Following the acquisition of SECURITY TRUST COMPANY by Beneficial Corporation of America, Sir Isaac Wolfson has resigned as a director. The following additional directors have been appointed: Mr. Finn, Mr. M. W. Caspersen, Mr. Richard A. Wagner, Mr. Edward A. Dunbar, Mr. John France, Mr. Roger Dixon, and Mr. Geoffrey J. Geary. Mr. Caspersen has become chairman of the Board. Mr. Peter Bunce remains a director and has been made deputy chairman.

★

Mr. Kenneth G. Butcher has been appointed to the Board of ST. REGIS INTERNATIONAL.

★

Mr. H. Mellor has been appointed finance and administration director for HOPKINSONS.

★

Mr. S. C. Dowling has been appointed group managing director of WESTBRICK PRODUCTS. He will relinquish his position as managing director of Backer Electrical Company and his other directorships at the end of this month.

★

Mr. H. C. Cottrell has been appointed a director of FRENCH KIER HOLDINGS. He is at present senior partner of Phillips and Drew, stockbrokers.

★

Mr. Michael R. Heerey has joined SATRA MOTORS as managing director designate. He was previously with Mecca.

★

Mr. D. R. Caws and Mr. J. A. Moore have been appointed to the Board of FAIRDALE TEXTILES. Mr. Caws continues as merchandising director of the retail division of the group and Mr. Moore will retain his current responsibility for the sales of John R. Fairdale, a subsidiary.

★

Mr. A. S. Croxson has been appointed an assistant director of DUNBAR AND COMPANY.

★

Mr. P. H. Dunn has been appointed a director of the NATIONAL EMPLOYERS' MUTUAL GENERAL INSURANCE ASSOCIATION. He is chairman of Brown Shipley and Company as well as holding other appointments in the City.

★

Mr. A. J. Beedell has retired from the Board of the CUMULUS INVESTMENT TRUST.

★

Mr. Geoffrey Parfitt has been appointed chairman of THURSTON PARFITT and to the main Board of the parent company, Greggs Bakeries. He has been succeeded as managing director of Thurston Parfitt by Mr. Brian Wildblood.

★

Mr. Colin Andrews has been appointed managing director of SWEDE-ATO U.K.

★

Mr. K. F. Plant has been appointed to the Board of TIOXIDE GROUP as finance director.

★

Mr. Frank A. Goerner has been appointed vice president of MONSANTO OIL COMPANY OF THE U.K. INC and resident manager of Monsanto's U.K. oil production and exploration based in London. He will replace Sir James E. Teddlie, who will return to the U.S. for a new assignment.

★

Mr. Gosta Sonander and Mr. Ola Wahlqvist have been appointed to the Board of FINEBOARD in succession to Mr. Lennart Eriksson and Mr. Sten Ek, who have resigned.

★

Mr. D. R. Zeidler has been appointed a director of the BROKEN HILL PROPRIETARY COMPANY to fill a casual vacancy on the Board and he has also joined the Boards of a number of subsidiaries. Mr. Zeidler is chairman and joint managing director of ICI (Australia).

★

Mr. C. A. Hassell has been elected president for 1978-79 of the NATIONAL FEDERATION of PAINTING and DECORATING CONTRACTORS in succession to Mr. F. C. Turner. Mr. A. R. L. Carr has become president for that period of the NATIONAL ASSOCIATION of SCAFFOLDING CONTRACTORS in place of Mr. D. G. Flood.

★

The Home Secretary has appointed Mr. Ralph L. Hopps to be a part-time member of the EQUAL OPPORTUNITIES COMMISSION. Mr. Hopps is a member of the South East Regional Board of the National Westminster Bank.

★

Mr. Helmut Geiger, president of the German Savings Banks Association, has been elected president of the INTERNATIONAL SAVINGS BANKS INSTITUTE for three years.

★

Mr. W. J. Hinds has been elected chairman of the management committee of the NATIONAL MILK PUBLICITY COUNCIL succeeding Mr. Ben Davies. Mr. J. W. Hodges has been elected vice-chairman.

ENERGY REVIEW

BY JOHN LLOYD

Hauling the NCB over the coals

THE NATIONAL Coal Board is bracing itself for a fight. At stake is the second of its two giant mining developments for the 1980s—the Vale of Belvoir coalfield in North Leicestershire. Its opponents are some of the people who live on top of it.

By the mid-1980s, the NCB plans to achieve 42m. tons of new capacity, some of it to replace exhausted workings, but most of it to help boost its deep-mine output up to a target of 120m. tons by 1985, from a present level of just over 104m. tons.

A significant share of that new capacity will come from the Selby field, planned to come on stream in 1982, producing 10m. tons a year. To carry on the momentum in the late 1980s, the Board is relying on Belvoir, which is planned to produce around 7m. tons a year.

Selby met some opposition, but the objectors were mainly concerned to ensure adequate environmental safeguards: most accepted the need for coal. The worrying factor, for the NCB, about the Belvoir objections is that, by and large, they do not accept such a need, and they are determined to challenge the Board's plans by arguing that the country doesn't need the coal at all.

Earlier this week, Mr. Donald Davies, the Board member for marketing who is in overall charge of the Belvoir development, said that he was going to put in the planning application in the next few weeks, nearly a year after the NCB's initial announcement of its plans for Belvoir. In the intervening period, Mr. Davies' officials have been looking for ways of meeting the objections and calming the fears of the local protestors. They are not certain what success they have had.

The problem has three sides to it, and the first two are not particular to Belvoir. The first, indeed, is not even particular to coal: the industry is merely yet another target in the firing line of the increasingly strong, if diffuse, environmental lobby.

There have been a number of minor skirmishes already, most of them concerned with applications for opencast developments. Anyone who lives near, or has seen, opencast working will readily appreciate why people might object to them. It is certainly true that the NCB is much better at disguising its sites than it used to be, but at the same time people are now much more fussy than they used to be.

Thus the irony is that while the NCB Opencast executive is winning golden opinions from all sorts of operators in other countries who are much less careful with their waste, the executive finds that almost every application for opencast development is contested, as in nearly all proposals for open cast developments in South Wales, and the subsequent planning inquiry can delay the project for two years, or even result in an order from the Department of Energy to scale down the original plans.

Naturally, these delays and extra expenses are irksome to the Board, especially at a time when it is expanding its operations rapidly. However, they are generally confined to local grouses about dirt and "environmental pollution." And though such inquiries are chaired by an inspector from the Department of the Environment, recommendations go to the Secretary of State for Energy, who is one of the most enthusiastic supporters of growth in the coal mining industry. While Mr. Anthony Wedgwood Benn has modified some of the applications, there is little prospect that he would question the need for expansion itself.

But now, the second side of the problem comes into play, which seems certain to move the argument on to quite a different level. The kind of opposition which the NCB will meet in Belvoir will call into question the entire strategy of the Coal Board.

Leicestershire County Council, to which the planning application will be addressed, will almost certainly ask for a planning enquiry commission, a much more high-powered version of the simple planning enquiry, in which the purely local environmental issues will be subservient to arguments about the place of coal in the future economy of the country. Even if the Council does not get a commission, it expects the Environmental Secretary to upgrade the enquiry to the status achieved by the Windscale Enquiry, chaired by a senior judge and with the widest possible brief.

This tack is one which will catch the NCB on a temporarily weak point. For it is now going into a period where the greatly increased production which has resulted from the productivity scheme's acceptance in all the country's coalfields means that there is likely to be more coal than there are markets in the near future.

Terry Kirk

Part of the Vale of Belvoir—predominantly an agricultural area. The entire strategy of coal mine expansion is being called into question by opponents of the NCB's Belvoir scheme.

Briefly, the reasons for the probable glut are the greatly reduced coal and coke requirements of the U.K. steel industry (down 3m. tons in the past two years), together with only a little growth in the domestic and general industrial markets. And while the Central Electricity Generating Board has increased its use of coal by some 3m. to 4m. tons for this year, it will almost certainly drop back to its normal level of around 70m. tons for some years thereafter. Much hope is being placed on the possibility of increased trade within the EEC—but that will only come off if the Council of Ministers agrees to a package of subsidies, which is by no means certain.

The NCB believes that these poor prospects are short-run only. Officials admit that the "Plan for Coal," adopted in 1974 after the Arab oil producers quadrupled their prices, was too much, too early, especially since its adoption coincided with a recession. They argue, however, that the coal will be needed badly by the mid-80s, when the amount of coal needed by the electricity industry will go up again to 80m. tons a year and more, and when—so the hope is—industry in general and the steel industry in particular will be picking up.

They argue, too, that by the mid-80s, it will be even more obvious than it is now that oil has a finite life as a plentiful—if no longer cheap—fuel. Finally, they say that gasification and liquefaction (oil from coal) processes will be commercially viable, and will be required. The cumulative point, then, is that it is in the country's interests to bear with the coal industry in any embarrassingly fat years it may have, for to starve it now would be disastrous for the future.

Local groups

It is a perfectly respectable case, but it will undoubtedly receive its most serious challenge at Belvoir. The local groups who are protesting against the development have retained the services of Mr. Gerald Manners, a Reader in Geography at University College, London, who has built up a wide-ranging case against the NCB's argument. And because of the board's short-term embarrassment, that case will look all the more credible.

There is, of course, the positive side to the matter, which is that any strategy as important as the Plan for Coal should get a public airing, and that a gladiatorial arena such as an inquiry is as good a place as any for it. But, perhaps understandably, the NCB does not see things this way. It argued in the sixties and early seventies for coal at a time when no one but itself thought coal had much of a future. Now that fortune has smiled on it, it does not want to go through all the old arguments again.

Finally, there is the local turn of the screw. The Vale of Belvoir is an area of some natural beauty which has largely agricultural traditions: the only plant of any size is a British Steel iron foundry near the village of Asfordby, which has recently made redundant some 300 of its 800-strong labour force. In the Leicestershire part of the vale, there are some 470 farms, most of them small—the average holding is about 170 acres. Dairy farming and beef rearing accounts for most of the agriculture: the area is the centre of Stilton cheese-making.

It is not, however, a quaint rural idyll. As Mr. Michael Latham, the Conservative MP for the area (Melton) put it in an article in "The Field" last November, "behind this description lies the modern reality of rural life—that it is changing and has changed. The Vale's villages include a substantial number of 'newcomers,' mostly business and professional people, and property was highly sought after until very recently . . . the area has long been seen by the people of Nottingham, and to a lesser extent Leicester, as a rural 'lung' where they can walk in the fresh air and fine countryside."

It is these newcomers, allied with the farmers, who provide the backbone to the opposition to the NCB's plans. Mr. Latham is on their side. He, like them, has been shrewd enough to see that they cannot take on the Board simply on environmental grounds—because these could easily be shown to proceed from self-interest but that they must go forward on a broad front.

Mr. Latham reckons that the bulk of the opinion in the three villages where the three Belvoir mines would be located is fairly solidly against the scheme. Of Hose and Saltby he has no doubt: of Asfordby he is not so sure, for there unemployment is high because of the redundancies at the BSC plant. The town is also rather more "industrial" than the rest of the area.

He concedes, too, that some of the opposition to the development is on social grounds. Neither the farmers nor the newcomers want a lot of miners and their families in the area. He dissociates himself from this (largely unspoken) argument, but admits its strength.

Leicestershire Council Council, and Mr. Latham, both think that a compromise development may result from an inquiry—that is, the NCB will drop plans to sink three mines, and suggest two, or even one. In such a way, both sides would have won something.

Already, a working party formed by the NCB and the Leicestershire County Council points the way to such a possible compromise. Earlier this week, the working party issued an interim statement, summarising its discussion. Attention was drawn to the costs which would be incurred by the council—for roads, social services and housing—and it is likely that the NCB will be willing to help out on some housing and road costs.

But such negotiation does not signify agreement. Both sides were careful to say that they reserved their position, making it clear that the discussions within the working party were at least as much aimed at drawing the future battle lines precisely as at coming to an accord. When that battle is joined, it will be both long and fascinating.

The Property Market

BY JOHN BRENNAN

Laing goes against the tide

JOHN Laing and Sons may open the door to a number of new property company quotations if it can overcome the tax and legal complications involved in launching its £85.5m. property investment division as a separate company.

But if Laing manages to set a trend for a form of corporate "cloning" by the bigger contracting/property groups—and in this tightly held sector controlling shareholders' personal and family tax considerations are more likely to determine this trend than any inherent appeal of the schemes to outside—these new companies are likely to join a dwindling band of quoted property companies.

That, at least, is the view of Nicholas Goodison, chairman of the Stock Exchange, speaking yesterday as senior partner of stockbroker Quilter Hilton Goodison at the 1978 Jones Lang Wootton Real Estate Conference in the Dorchester on Park Lane.

Mr. Goodison believes that "in the context of a slower economic growth rate or a mild recession there is not much chance of another development boom. And as property companies "lead more peaceful lives" some concentrating on management of existing portfolios, some on refurbishments, joint schemes with financial institutions or local authorities and others diversifying into other trades Mr. Goodison sees a steadily dwindling list of quoted companies as they are absorbed by the financial institutions.

He said that, "Institutional links are now so close and institutional money so plentiful that a private property company does not need the status of a listing in order to convince an insurance company or a bank or a pension fund that it is worth a loan. So the number (of quoted companies) is likely to decline as the big fish feed on the little ones and no new little ones appear."

Given the uncertain economic background Mr. Goodison doubts if demand for space will be sufficient to create a rent boom, although he expects rents to continue rising because of artificial restraints on the supply of new property.

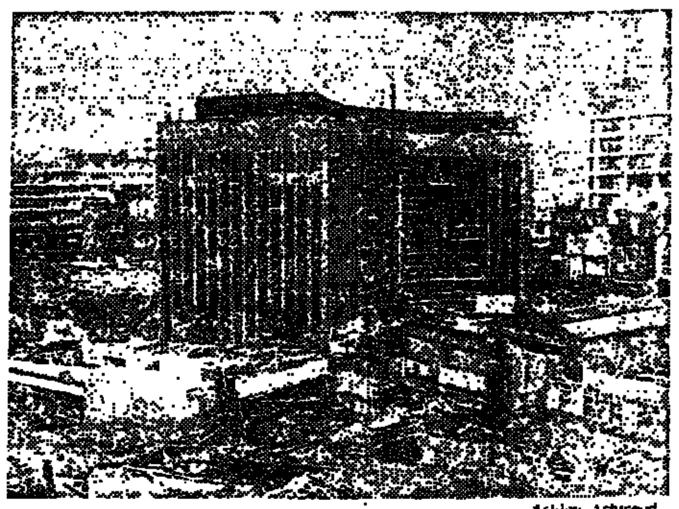
This cautious note was echoed in a speech by Michael Kerr, General Manager of the Airways Pension Scheme. Pointing to the recent increase in Minimum Lending Rate, and the prospect of further interest rate rises, Mr. Kerr believes that "yields will now have to rise appreciably, by possibly 1 per cent., to satisfy the institutional holder."

Mr. Kerr still sees scope for partnership developments, particularly where a fund can satisfy its need for representation without an undue expenditure of management time. One way of balancing these needs is, he feels, through substantial holdings in development companies rather than direct involvement in joint schemes where "very often funds can be put in a position where the financial benefits from this investment are much more long term than those of the developer."

As pension funds' investable cash is likely to top £4.5bn. next year, Mr. Kerr recognises the problem of many funds "treading the same avenue." And he thinks that, "more than ever to-day we are seeing fund managers following the herd instinct."

Standing back from the herd, Mr. Kerr does not dismiss the possibilities of investment away from the traditional Institutional property areas and into residential property and agriculture, although in both cases the problems of adverse publicity make fund managers reluctant to broadcast their interests.

For the future, Mr. Kerr and Mr. Goodison agree that, "with the lack of growth in the United Kingdom it is going to be very difficult to sustain a substantial development programme. And Mr. Kerr warns that schemes recently dusted off and started in some weaker provincial markets, "must be a prayer by the developers rather than a sign of confidence in the U.K. economy."



Ashley Ashwood

Phase one of the 160,000-sq.-foot, £22m. Wingate Centre office development at Aldgate, on the eastern fringe of the City of London, has now been sold. See Property Deals, Page 14.

IN BRIEF

STOCKBROKER W. Greenwell's contention that "no worthwhile research has yet been published which would enable us to reach a conclusion on the relative investment performance of equities and property. . .", a case reported in detail last week, has sparked a strong response from property indexers.

Dr. Russell Schiller of Hillier Parker May and Rowden, architect of the Hillier Parker Investors Chronicle Rent Index, believes that Greenwell's criticisms are based on "a misunderstanding" of the index.

Dr. Schiller claims to chart prime property rental levels, and he further claims that these levels *can* be used as a realistic performance yardstick, for although the index measures only a selected (institutional quality) level of rent change, this change does, he feels, give a good guide to rental income changes over time. And so he believes that in an analogy of one car towing another, "Greenwell concentrates on the length of the tow rope while the Rent Index measures the speed of the cars."

If funds accept that Dr. Schiller's index manages to give a true guide to "prime" rack rents—and he sees "prime" as any property that falls within the scope of investing institutions—then it can, be argues, be used as a property performance guide that will stand happily in comparison with performance guides to alternative forms of investment.

Ken Posner of Michael Laurie and Partners is less confident about the success of the firm's existing property performance index, produced jointly with the Economist Intelligence Unit. He looks ahead to the new index foreshadowed in the firm's most recently published index. This would use actual portfolio performance as its base. And Mr. Posner reports an encouraging response from funds willing to give regular valuation, income and new purchase figures, in confidence, to form the data from which a comprehensive index of property performance could be constructed.

Michael Laurie believes that if it could get funds representing around a third or a half of the total institutional investment in property to participate (and early response to its idea suggest that this is feasible) then a really objective performance index could be set up.

●

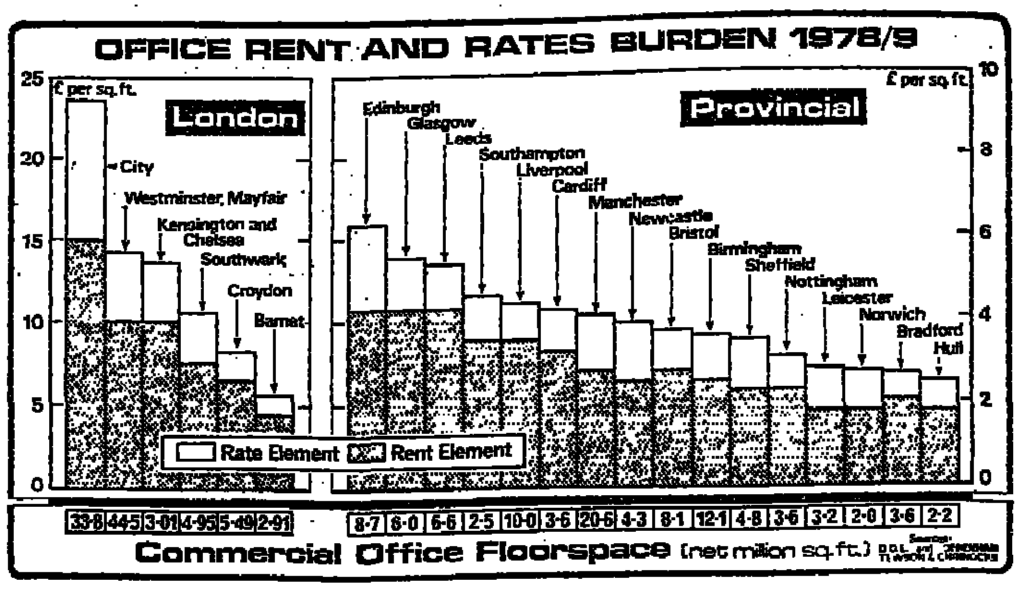
THE LATEST EDITION of Grahams' regular survey of pooled property funds, published this week, shows a median 12-month return of 24.2 per cent. on the 28 funds covered. Only three of the funds reviewed, Hanover Property Unit Trust, Pennine Property and the Abbotstone Agricultural Property Unit Trust, outran the 32.8 per cent. rise in the FT Actuaries Property Share Sub-index in the year to the end of March 1978.

●

PENSION funds and insurance companies reduced their direct property investment in the final quarter of 1977 according to the latest institutional investment figures from the Central Statistical Office.

In last three months of the year pension funds' direct property investments dropped from a third quarter total of £214m. to £148m., taking the funds' total property investment in the year to £535m., £15m. more than in 1976 and a similar 16.8 per cent. of their total investable funds. Insurance companies cut property investment from a third quarter £134.2m. to £96.8m. making £410.1m. for the twelve months.

Quarterly variations in institutional investment do little more than record past patterns of Minimum Lending Rate movements and the Government's gilt-edged stock selling programme. And it seems probable that the first and second quarter figures for 1978 will show a very sharp rise in the level of property investment as the effects of the Christmas and New Year buying spree show through as completed deals. However, last year's total direct property investment figures—which are down in aggregate on 1976's—do throw a bucket of cold water over the more simplistic arguments about the "weight of institutional money" into property.



Debenham Tewson and Chinnock's annual office rent and rates survey once again underlines the importance of looking at total accommodation costs rather than simply at rents. It proved impossible to add in an average figure for service costs in each of the towns in the survey. But, in an unpublished memorandum, the agents have extended the range of the review to a number of the key inner London boroughs, boroughs incorporated into the chart above.

One point highlighted by the survey is the effect of this year's revaluation of Scottish property for rating purposes. Rateable values increased four-fold in Edinburgh and doubled in Glasgow. Although the rate in the pound has been sharply reduced, the net effect of the changes is a 35 per cent. increase in the rates payable in Edinburgh, pushing it to the top of the list for provincial office costs.

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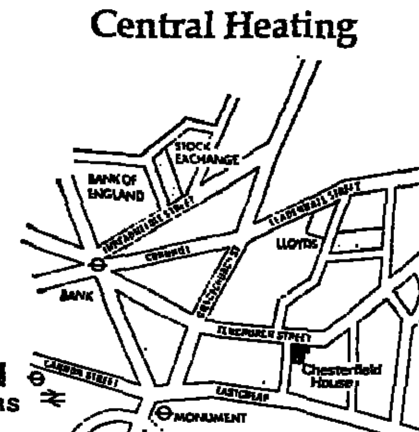

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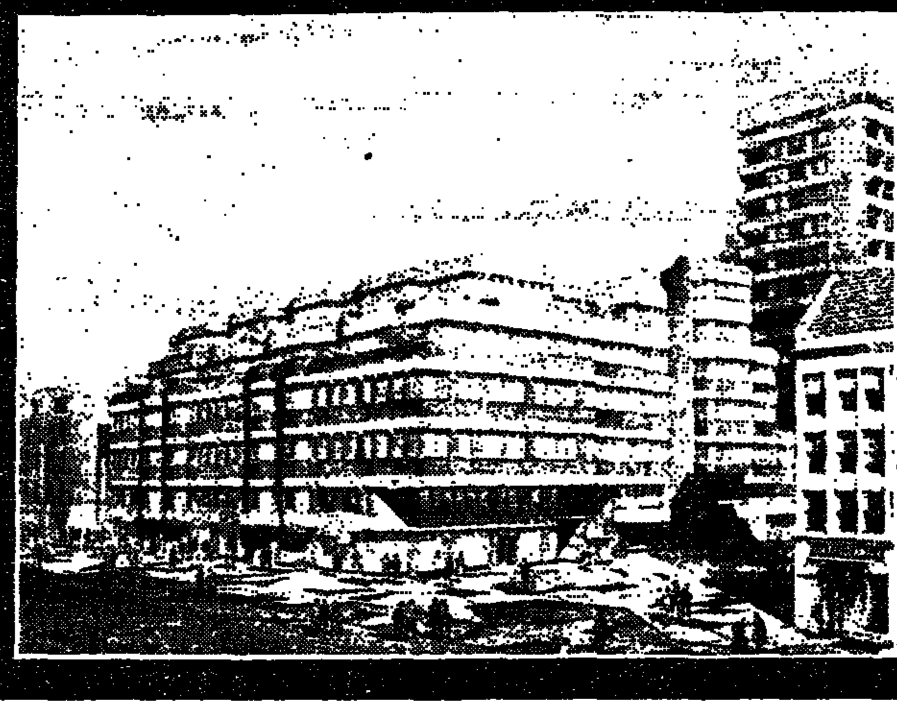

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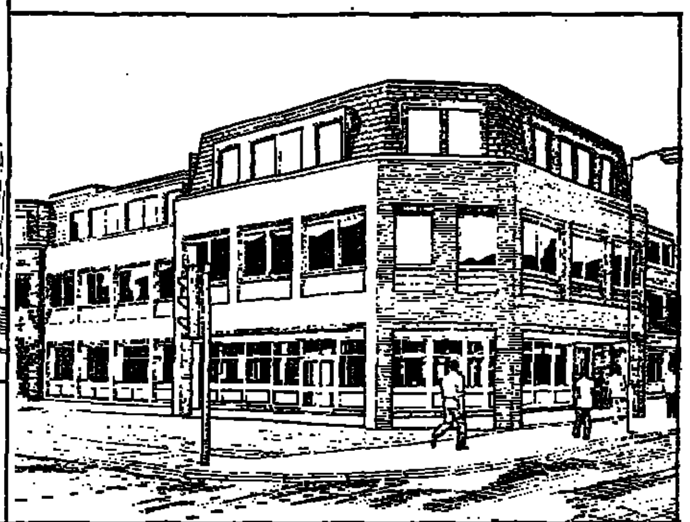

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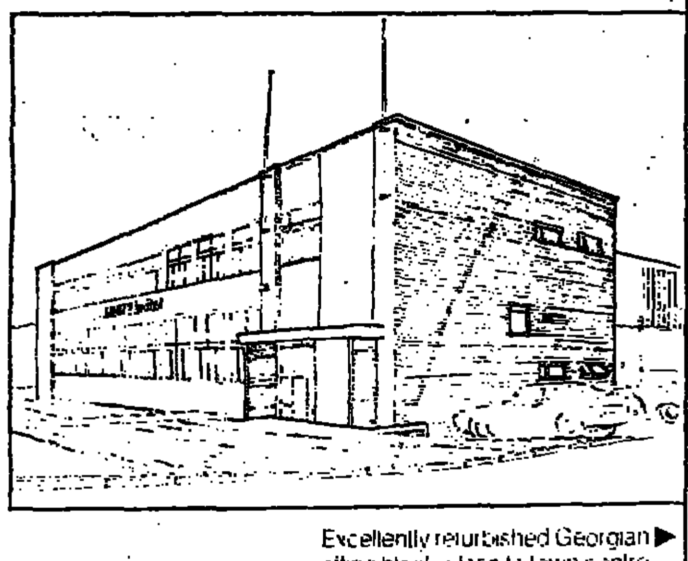

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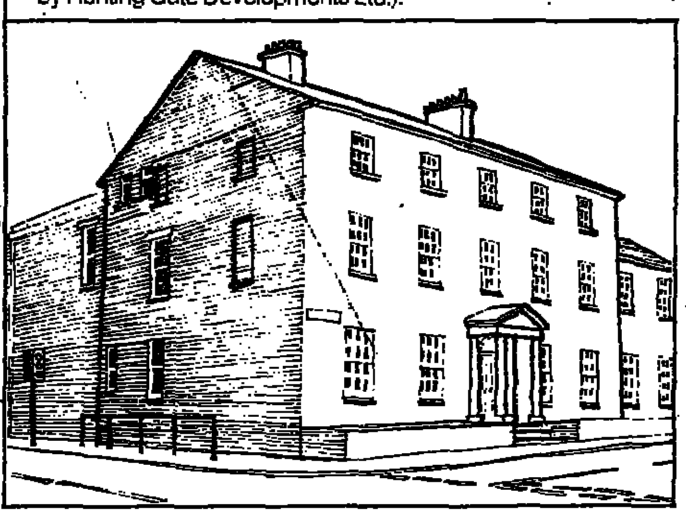

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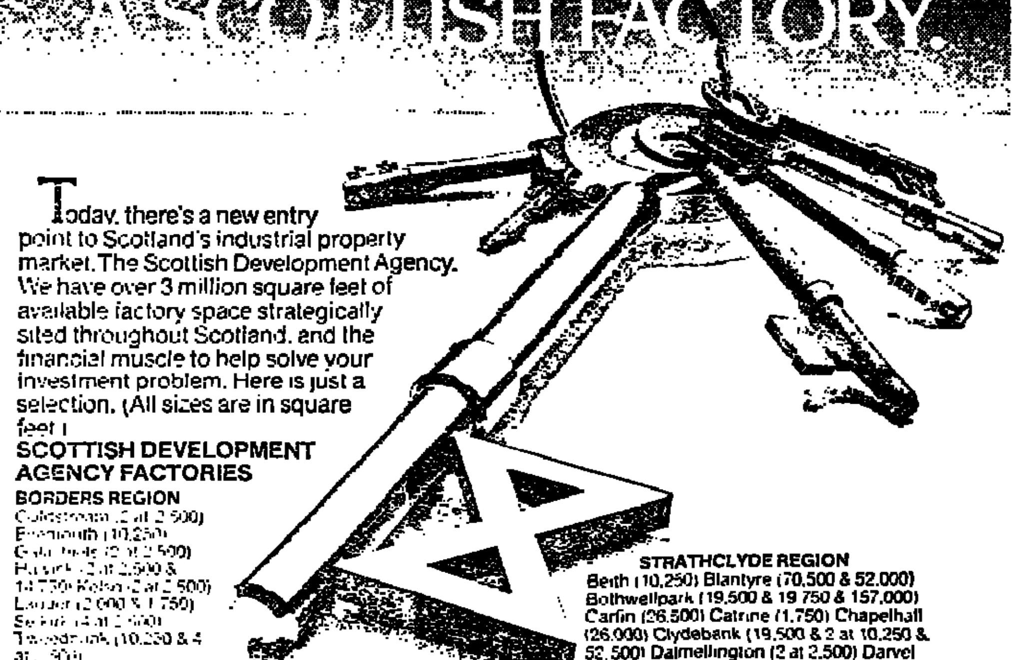

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Cambuslang (27,000 & 16,500 & 11,000) Carntyne (5,250) Hillington (67,250 & 33,750 & 65,750 & 10,750 & 13,000 & 15,750 & 6 at 5,000 & 21,500 & 1,500 & 7,750 & 4,500) Kinning Park (2 at 5,500) North Cardonald (116,000 & 5,250) Queenslie (2 at 52,750 & 2 at 25,000 & 41,500 & 52,000 & 27,000 & 10,500 & 25,000) Shieldhall (25,000 & 15,250) Springburn Cowlairs (17,750) Thornliebank (2 at 1,500 & 2,500 & 3,250 & 4 at 8,750 & 7 at 9,500 & 19,000)

TAYSIDE REGION
Alyth (2 at 2,500) Blairgowrie (2 at 2,500) Brechin (4 at 2,500)

DUNDEE
Baldovie (2 at 2,500)

HIGHLANDS & ISLANDS*
Thurso (8,000) Castletown (1,500) Brora (2,500) Inverness (10,000) Dalcross (15,500) Smithton (6,000) Fort William (4,000) Portree (2,500) Daliburgh (2,500) Tarbert (Harris) (1,500) Inveraray (3,250 & 1,750) Salen (1,500) Tarbert (Argyll) (1,500) Islay (1,500) Campbeltown (8,000)

*Factories in the Highlands and Islands are owned and administered by the Highlands & Islands Development Board, Inverness.

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Scottish Development Agency
120 Bothwell Street, Glasgow G2 7JP.
Tel: 041-248 2700. Telex: 777600.

SCOTLAND'S INDUSTRIAL FRONT DOOR.

PROPERTY DEALS

Wingate Centre phase one sold

STEPHAN Wingate, joint managing director of Wingate Investments, confirmed yesterday that the 66,000 square feet phase one of the Wingate Centre office development in the Minories has been sold to an outside institution.

Phase one, renamed "Bain Dawes House" after a pre-letting to the insurance brokers last year is due for final completion early in the autumn. But the pre-letting, at over £10 a square foot, has enabled Wingate to sell its stake in the building to an as yet unnamed institution. It is known that Bain Dawes did not buy out the head leasehold, and that neither of the site freeholders, British Rail and London Transport, made the bid.

On a straightforward capital value basis the Bain Dawes block would be worth around £12m. But, without details of Wingate's ground rent or an accurate fix on rents in the 25-year lease, it is impossible at this stage to give a definite figure for the sale price.

Wingate, which was taken over by the contracting and property giant George Wimpey in 1976 in a £5.3m. agreed bid, started preliminary work on the Aldgate project in the late 1960s. Site assembly, planning and design problems were finally resolved by 1976, and the Wimpey takeover gave Wingate the financial muscle to carry through the development.

After the Bain Dawes pre-letting last year — arranged through George Trollope and Sons, the broker's advisers—Wingate, and its project manager and letting agent Lander Burfield, decided to build the remaining sections of the scheme in a single, 95,300 square feet unit. Work on that side of the scheme is expected to be completed by 1980.

●

BAIN DAWES itself is now marketing the 16,300 square feet of offices it will be leaving in the City of London Real Proerty's Chesterfield House, E.C.3. Land Security's subsidiary is taking back two of the broker's four floors when Bain moves to the Wingate scheme in November. The remaining space, 7,630 square feet on a lease running to June, 1981, and 7,600 square feet until March, 1995, is available through Trollope at £80,900 and at £100,000 a year respectively, an average of £11.06 a square foot.

●

CLRP's strong presence in the area around the Lloyd's market shows through in another completed letting this week. The whole 64,500 refurbished square feet of 109-114, Fenchurch Street, E.C.3, has now been let at an average of £15.50 a square foot.

The ground-floor space went to Barclays Bank and to two retailers — advised by Healey and Baker—while the offices have been taken by Sun Insurance Office—advised by Kinner and Green—A. L. Sturge (Holdings)—advised by Smith Melzack—C. E. Heath, and Watling Street Properties. Newton Perkins acted for CLRP on the Watling Stret deal.

●

FOLLOWING the recent Smith Melzack move of Lloyd's Underwriters' Non Marine Association from Lloyd's old building to a 2,800-square-feet office at 85, Gracechurch Street, E.C.3—where Richard Ellis and Jones Lang Wootton acted for the landlord — further near-Lloyd's moves in recent weeks confirm the over£20-a-square-foot average for smaller space within walking distance of the underwriting floor.

Trident General Insurance, represented by Portman Estates, has taken 1,255 in another CLRP refurbishment, 37-39, Lime Street, for £21.80 a square foot. And the Land Securities' subsidiary has also achieved a rent of just over £22 a square foot for a small suite on the eighth floor of its 40, Lime Street block to the Norwich Winterthur Reinsurance Group. In both cases JLW acted for CLRP. Ellis acted for Winterthur.

Rather cheaper space is now available in New College, Oxford's Finlay House building at 82-84, Fenchurch Street, E.C.3, another of the magic "two-minute walks" from Lloyd's. The college, advised by Baker Harris Saunders, is offering 15,000 square feet of this elderly but pleasant-looking building at just £8 a square foot.

●

Kenya Airways' head office in Mayfair, at 16 Conduit Street W1, has been sold to Scottish Amicable Pensions Investments for just over £½m. Barnett Baker and Company introduced the former Austrian Airlines' building to the Kenyans and to the Fund, and Gale Heath for Scottish Amicable, negotiated a yield of just under 8 per cent. on the 6,000 sq. ft. modernised block.

Still with the airlines, Smith Melzack is asking an average of £8 a sq. ft. for British Airways' 12,500 sq. ft. offices and showrooms in Pearl Assurances's Dorland House, Lower Regent Street, W1. The Dorland House reservation office was BEA's West End headquarters. Following the BEA/BOAC merger, the airline is to consolidate its business in its larger offices opposite the Café Royal further down Regent Street. The 5,500 sq. ft. retail showroom and 7,000 sq. ft. of offices at Dorland will be vacant by June.

J B

A DEVELOPMENT BY MARKHEATH SECURITIES GROUP

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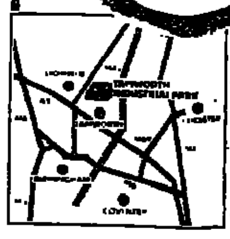

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هكذا منى الأجل

● NEWS ANALYSIS — PORT OF LONDON

The last chapter of dockland's sorry saga

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

DOCKERS were again jostling outside the headquarters of the Port of London Authority yesterday for what could be the start of the final episode in the bedraggled saga of London's Upper Docks.

No doubt, as yesterday's initial skirmishes suggest, it will be as difficult a battle as ever for the authority to convince Government, its employees and the East End local authorities that the dilapidated, underused berths of India, Millwall and the Royal group cannot be allowed to go on *draining lifeblood* from the port.

Mr. John Cuckney, the port chairman who built his reputation on sorting out the Crown Agents, certainly cannot be accused of mincing his words at the presentation of his annual report yesterday.

The port was, he said, on the point of bankruptcy and if nothing was done to correct *present trends, would be losing* between £76m. and £80m. by 1982. "We have reached the end of the road," he said.

It has been a long and confusing road, along which the most prominent recent milestone was the decision in January, 1976, to transfer virtually all general cargo handling out of the India and Millwall docks one bend round the Thames to the Royal Victoria and Albert, and King George V docks, the Royals.

Promises

Faced with the formidable opposition of local MPs, among whom are Mr. Peter Shore, Environment Secretary, and Mr. Ian Mikardo, local authorities, trade unions, and shipowners—worried about any transfer of activity to the traditionally *militant Royals*—the PLA lost its resolve and ten months later announced that both dock areas would be allowed to soldier on.

The authority even agreed to pump in £400,000 to modernise facilities at Millwall in order to satisfy its customers that the service would remain reasonably efficient. It also extracted promises from the unions that numerous restrictive practices would end and that this would hopefully contribute to an upturn in business which could give the old East End docklands a secure *future.*

Industrial relations at the port have shown some improvement in line with national trends since the great dock strike of 1975, but even so about 10,000 days were lost last year.

The PLA also says that many of the worst restrictive practices persist. One of these involves a duplication of tally clerks because of two conflicting sets of union origins for this group of workers. It means that many ships and lorries unloading at the port have their boxes counted twice by different men, even though further down the river at Tilbury, there may be no tally clerk available to document an operation.

PORT OF LONDON: VOLUME OF TRADE ('000 TONNES)

	1970	1971	1972	1973	1974	1975	1976	1977
Upper Docks	4,988	4,589	3,461	3,069	2,596	1,679	1,810	1,780
Tilbury	5,324	5,767	6,116	6,329	6,140	5,142	6,420	6,720

PORT OF LONDON: SHARE OF U.K. PORTS TRAFFIC BY VALUE (%)

	1970	1971	1972	1973	1974	1975	1976	1977
Imports	19.1	19.1	17.3	15.1	12.9	10.9	11.5	10.8
Exports	25.1	23.1	21.6	20.0	15.6	14.0	12.7	11.8

Alarming

In other respects, the manpower picture is even more depressing. More than one-third of dockers are over 50 and by 1982 this could reach two-thirds. Not surprisingly, sick absenteeism has crept well beyond the national average of 4 to 5 per cent. from 7 per cent. in 1976 *to 10 per cent. last year.*

Behind these facts, alarming enough in themselves, lies the basic overmanning of the system, which means that every day between 1,100 and 1,500 of the port's 5,000 registered dockworkers are surplus to requirements

These men, depending upon their medical categorisation, *receive between £60 and £80 a* week. These were some of the points in Mr. Cuckney's mind yesterday when he described the port as a microcosm of the worst in British industry.

What must have also been in his mind, although he refused to be drawn into issues of blame, was the failure of previous managements and previous Governments to face up to the problem. The authority's finances have been subject to cosmetic attention for years although it has still lost £35m. since 1970.

Part of its survival has depended upon sales from its land bank, which has been devalued by the property slump and the effects of the Development Land Tax, but it has also been living on its reserves. Five years ago, those reserves stood at £54m., but had shrunk to £2m. at the end of last year and are now on the *point of disappearing altogether.*

The financial logic of the situation is obvious. Unless the Government pumps in cash, the PLA will not be able to afford to pay wages. It last received a major bank loan in 1976, but then only with Government guarantees, and clearly will not find credit under any other terms in its present plight.

For Mr. Cuckney, the industrial logic of its position is equally apparent, although he insists that his Board has as yet taken no decisions about closures, nor has it made any *such recommendations to* Government.

The discussion document launched by the PLA yesterday makes it plain that the authority *wants to close the Upper Docks,* which will soon be costing £10m. a year to keep open. If they were closed the PLA could be into marginal operating surplus by 1980.

So the stage is set for another battle of the Royals. Mr. Cuckney has pinned his faith in full disclosure of the figures in the hope that after the initial and *inevitable explosion,* what he is saying will eventually be taken with the seriousness it deserves.

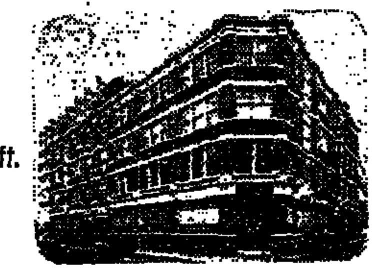
It may well be, of course, that Mr. Cuckney will negotiate, but his personal view is that if Government does want to prop up the Upper Docks for social reasons, it must not only pay the bill but it must make grants *for specific purposes in such a* way as not to undermine the whole morale and commercial purpose of the organisation.

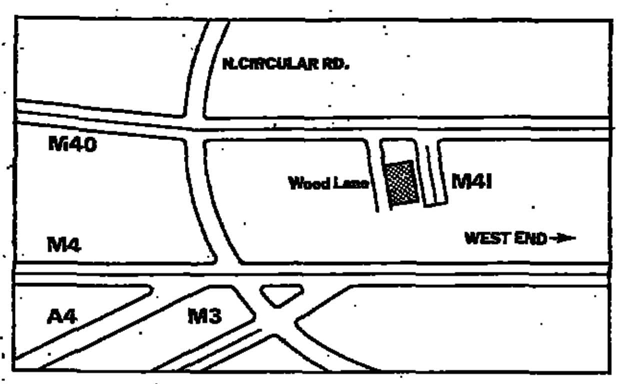
Hawkish

It will be interesting to watch the political struggle. At the time of the last attempt at slimming, Mr. Shore's Environment Department controlled transport. Since then, Mr. William Rodgers has become Transport Secretary with a seat in the Cabinet.

Mr. Rodgers, a Right-winger, has so far indicated a hawkish view on the PLA, which is fully in line with his commitment to unsubsidised freight movement, although somewhat at odds with his decision under pressure last year to bail out the Port of Preston.

The fight over London will make the Preston confrontation seem peaceful as a Quaker meeting.





Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Curing insulants twice as fast

CABLES CAN be cured in less than half the time of conventional steam systems with a method being launched for the first time in the U.K. and Europe by Francis Shaw and Company, specialist engineers to the cable, plastics and rubber industries.

Under licence from General Electric Company, U.S.A., the Shaw company will manufacture and supply the High Velocity Gas Cure (HVGC) system, which uses recirculating preheated nitrogen.

GE is one of the world leaders in cable manufacturing and development of chemically cross-linked polyethylene compounds. It holds the original patents and patent improvements for this material. The HVGC process is covered by patents in many countries and is applicable to most materials which possess heat-vulcanisable characteristics.

Heated nitrogen is passed at high velocity directly over the surface of the cable, increasing the heat transfer rate and improving output. Tests with cross-linked polyethylene have shown that cure rates can be increased by as much as five times for low voltage cable insulation and about double for high-voltage insulation, compared with steam curing.

The temperature and pressure of the gas can be adjusted independently for maximum efficiency whatever the cable covering material.

Penetration of steam into cross-linked polyethylene during traditional curing increases the number and size of microvoids. The incidence of water trees in the insulation, leading to possible breakdown of the cable, has been reported by many organisations throughout the world. The use of nitrogen as a curing medium is generally accepted as reducing this effect.

With steam it is necessary to use high pressure to obtain high temperatures and it is not possible in practice to adjust these two factors independently. The use of much lower operating pressure is possible with the HVGC system.

Francis Shaw and Co., 061-223 1313—POB 12, Corbett Street, Manchester M11 4BB.

High speed specimens

DEVELOPED by Ion Tech of Teddington is an ion beam device that is capable of reducing electron microscope specimen thickness at the rate of 200 microns/hour.

Called Microrapid, the equipment consists of a modified version of the company's B11W water-cooled, saddle-field ion source fitted with a new specimen fixture assembly which is virtually inside the ion gun, exposing the specimen to very dense beam.

The beam has a high neutral ion content so that insulating materials can be etched without fear of charge build up and beam deflection. In addition, by using a detector electrode behind the specimen, automatic termination is provided so that no matter how fast the etching proceeds it is always stopped accurately, eliminating operator error and protecting the specimen.

Although some materials can be completely prepared by Microrapid, others need brief additional treatment in a conventional thinner at low angle of incidence; but in either case total processing time is much less than using only conventional methods.

More from 2 Park Street, Teddington, Middlesex TW1 0LT (01-977 9306).

● COMMUNICATIONS

Commentators kept in touch by TV

PRESTIGE AWARD of the key cable TV systems work for the 1980 Moscow Olympics has gone to EMI Sound and Vision Equipment after a year of negotiations and in the face of bitter international competition, especially from the Japanese and German industries.

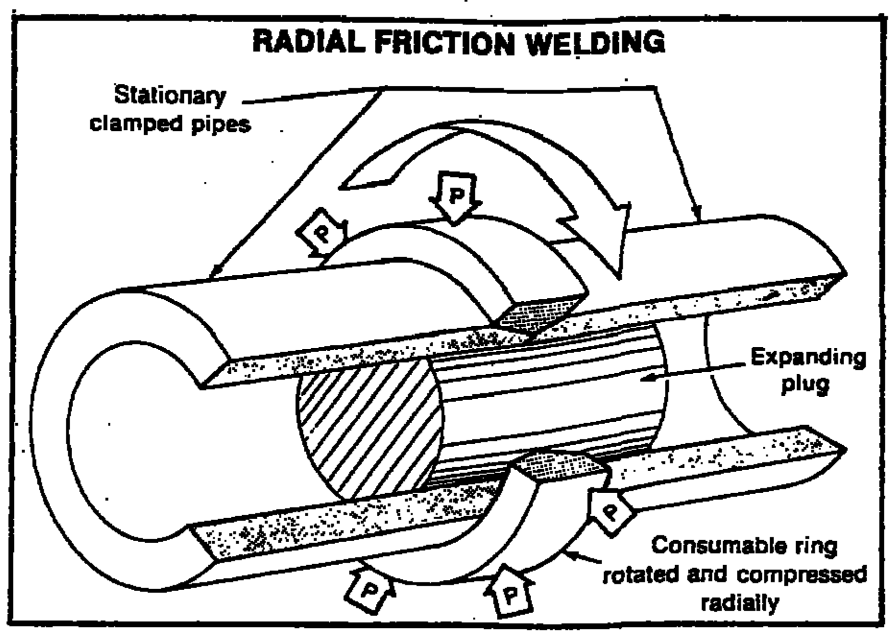
The problem is to link together the ten separate sports complexes in the centre and the outskirts of Moscow and the EMI equipment—first cable TV to be ordered from the company by the USSR—will operate within the complexes and at the Moscow TV centre.

It will enable commentators, Olympic officials and the Press in one sports complex to watch activities in any of the nine others. Monitoring facilities are thus being provided for the 1,200 radio and TV commentators of all nations covering the Games. Numbers of commentary booths in the whole complex range from 425 in the largest down to 33 in the smallest. Each commentary position will have two receivers which will have available up to 26 TV channels.

Equipment to be supplied by the company will be based on the RE1000 series of amplifiers designed and developed by the company at Hayes and manufactured in the EMI plant at Treorchy, South Wales.

Installation of the £512,000-worth of units will start in spring next year and Soviet engineers will be trained on the equipment at Hayes.

More from EMI on 01-486 4488.



CONVENTIONAL friction welding procedures of rotating one component against another one while an axial thrust is applied to create a sound defect-free weld between two similar or different metals are now well-known. Short lengths of round materials have been butt-welded in this way, together and to flat surfaces for some time in several widely differing high production applications.

Radial friction welding describes a novel application of the technique, developed primarily to overcome problems associated with friction welding when it is intended to weld together long pipe lengths.

Development equipment designed by the Welding Institute—a diagrammatic representation of which is shown here — is to be demonstrated next week in Harrogate at the Welding Engineering Exhibition.

The equipment is capable of friction welding together two sections of pipe of practically any length. It has been demonstrated already in operation with pipe quality steel of 115 mm outside diameter and 9 mm wall thickness. Sound, continuous solid-phase weld metal has been produced automatically.

Using the rotating, compressed consumable ring technique, it should be possible to join long pipes at sea, attach collars to shafts etc. with top quality results.

More from the Welding Institute on 0223 891162.

● METALWORKING

Cheaper and bigger discs

A CHEAPER method of producing blank discs without the inherent wastage of cutting circular profiles from rectangular plate stock, is promised with Plascut's large diameter forged stainless steel bar.

Using specially commissioned forgings prepared to ASTM A182 the company offer sawn disc, ideal for machining into pipe flanges and rings, in grades 312., 304L and 316L, in sizes up to 16 inches diameter.

More from Plascut, 7 Moorgate Road, Rotherham, Yorks. S60 2EG, Tel.: Rotherham 73531.

● MATERIALS

Degreases and cleans

MARKETED by Metprotek, Virginia Water, Surrey, is a de-greaser and cleaner, called LPS Instant Super Cleaner. It is said to leave no residue and has a low toxity rating, and because of its high di-electric qualities should be suitable for the safe cleaning of mechanical and electrical/electronic equipment while still in operation.

The maker says the cleaner has no flash point and it can be used on the most complex equipment without dismantling. It dries in minutes without staining, obviating the need to wipe off after application.

● SAFETY

Underfoot stability

A BREAKTHROUGH in electrical switchboard matting, used in high voltage switch room applications in companies and government installations throughout the U.K., is claimed by H. K. Porter (Great Britain).

The material has been developed, says the company, to incorporate oil-resistance with electrical resistance in a rubber matting which meets all the requirements of the BS 921, 1975. It should overcome the problem of oil contamination from engineers' footwear and accidental spillage and retain the properties necessary for providing insulation for engineers working with heavy switchgear equipment.

The product, called Porter matting, is available in either ribbed or flat surface, both having a non-slip back, and is intended for extending the life of electrical switchboard matting for power stations, oil companies, heavy industrial engineering complexes, government electrical installations and many companies with heavy switchgear in transformer chambers.

More on 041-221 9232.

● RADIO AND TV

Optic cables

LOW DENSITY polyethylene made by BXL is being used to sheath optical fibre cables offered by BICC for telecommunication and television distribution systems.

It was chosen because it was capable of being processed at 60 degrees C lower than the temperature normally involved in cable manufacture, while maintaining the requisite mechanical properties and environmental stress crack resistance after going through extrusion sheathing lines.

More from British Xylonite, 8 Grafton Street, London W1A 2LR (01-629 8100), a Union Carbide Group company.

● RESEARCH

Makes high speed event transparent

NOW becoming more generally available after development in conjunction with the Royal Armament Research and Development Establishment at Fort Halstead, a high speed sequential radiography system from Scanray (International Testing) of Milton Keynes is able to "see through" short events, filming them at 10,000 frames per second.

In practice this means that events lasting for up to 25 milliseconds will, when projected, seem to last for about ten seconds and can be examined clearly in detail. For example, at RARDE it has been possible to see clearly the penetration of a shell through armour plating—an event not easily seen in visible light.

The equipment consists of a high intensity X-ray tube made for Scanray by AEG-Telefunken, an image intensifier system and a high speed film camera. The tube filament is kept on stand-by and, at a pre-set time before exposure the filament power is increased to operational level. Then, a suitable trigger pulse generated by the event sequence activates the tube.

The length of the X-ray pulse produced can be adjusted to suit the event duration and during this time emission is at about ten times the level of normal X-ray equipment.

The image intensifier converts the X-ray image into an extremely bright visible image which is photographed by a high speed rotating prism camera. The phosphor on this faceplate has a decay time of less than one nanosecond, so that there is no blurring of individual images.

The system is expected to have wide application in industry. For example, what precisely happens during welding processes is not easily seen in visible light. It also becomes possible to see the dynamics of the steel in motor tyres, eccentric growth in bearings, the rupture of electrical fuses, growth of cracks in turbine blades and the mechanism of liquid-metal explosions.

More from the company at 36 Barton Road, Bletchley, Milton Keynes MK2 3LQ (0908 70771).

● NORTH SEA OIL

Ferranti rules offshore

HARD ON the heels of its significant win in the Brent PLIS (pipeline integrity system) scheme, Ferranti has announced that it has secured both the contract for an automated platform operating system for Brent B, with potentially many more to follow, and that for the logistics system to be operated by Shell/Esso from Aberdeen for their North Sea oil and gas fields.

In the first instance, Shell U.K. Exploration and Production has let the £600,000 contract covering the Brent B CAPO system which includes telecontrol equipment on the platform and a supervisory processor in Aberdeen. A further five similar systems could be purchased in the course of the next 12 months.

Main task of the offshore equipment will be data logging and alarm reporting. Control functions could be added later.

There will be four stations distributed around the platform and the Aberdeen computer will drive them through one of the company's telecontrol systems. This machine will also be linked with the outstations to be installed under the PLIS project to watch for pipe breaks and leaks (reported a few days ago). PLIS computers will get information from the CAPO units as if the latter were outstations.

In the second new award, Ferranti will be providing a dual processor to Shell/Esso for logistics support for all oil and gas operations. The processors will provide communications between over 70 terminals in Aberdeen and the Shetlands as well as on platforms in Brent, Cormorant and Dunlin fields.

The system will be based in Aberdeen and linked to its terminals in a star network over land lines and tropospheric scatter links.

Constantly updated logs will be provided from the start on offshore flight information and seat bookings; a register of personnel; current delivery status of all materials requisitioned offshore; automatic production of cargo vessel inventories before sailing; customs forms; register of overtime and allowances, etc.

More from Ferranti, Simonsway, Wythenshawe, Manchester M22 5LA. 061-428 3644.

● COMPONENTS

Vacuum unit for high voltage

REED RELAY switch ZV6K014A enables accurate and reliable on/off switching at high voltages—making it ideal for microwave ovens, copying machines, X-ray apparatus and any other devices that require high voltage on-off switching.

Contacts and moving parts are enclosed in an hermetically-sealed glass vacuum tube, and are triggered by magnetic flux. This configuration assures high reliability, since there is little to change contact resistance, often caused by the oxidation or deterioration of materials. It also makes it unnecessary to broaden the gap between the contacts—which is conventionally required for high voltage switching — thereby making the new switch very compact.

Conventionally, air switches have been used for high voltage switching. However, they are easily subject to contamination by dust or gas, thus making their use hazardous in areas where there is a potential danger from sparks. Since the Matsushita switch is not affected by atmospheric conditions, it can be used in hazardous locations such as chemical plants, coal mines and cement plants without fear of explosion or fire.

The new Matsushita switch will be available in Europe on a receipt-of-order basis. Enquiries to Matsushita Electric, 1006 Kadoma, Osaka, Japan.

Television sound chip

LATEST example of the way in which whole groups of functions in electronic equipment are being reduced to a single domino-sized integrated circuit "chip" comes from RCA, whose engineers have put a complete television receiver sound channel into the CA1190GQ.

The device includes a multi-stage intermediate frequency amplifier, FM detector and an audio output amplifier able to drive loudspeakers with impedances of eight, 16 or 32 ohms.

Nominal output power is three watts and the unit will operate over a power supply range of nine to 28 V DC. In the quiescent state the circuit takes only 25 mA.

The use of a differential peak detector means that one tuned coil is required; the electronic volume control incorporates improved taper and single wire control. A 16-lead quad in-line plastic package is used, incorporating an integral heat sink for printed circuit mounting.

More from the company at Sunbury-on-Thames, Middlesex TW16 7HW (Sunbury 85511).

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The Management Page

EDITED BY CHRISTOPHER LORENZ

Why past traumas are no bar to a machine-tool merger

Kenneth Gooding looks at the events which led up to B. Elliott's recent takeover of Newall Machine Tool.

WHY SHOULD a company which came perilously close to collapse after a rash of takeovers ten years ago—when Britain's machine tool industry was hectically "rationalising"—now apparently want to set off down a similar track?

This is one of many questions about B. Elliott, one of the industry's best-known names, which has been prompted by this week's announcement that its latest acquisition, Newall Machine Tool, has now been integrated into Elliott's machine tool manufacturing division.

At the end of the 1960s Elliott faced some very severe financial problems. It had been given official encouragement to play a major role in the reconstruction of the U.K. machine tool industry. The plan was for it to become the country's biggest producer of standard machine tools—it had already established itself as the primary producer of standard milling machines. Elliott did indeed emerge in just such a position. Not only that, it made other acquisitions in order to give it a vertical structure ranging from the manufacture of components to the production of machine tools and on to the selling and factoring of its own and other people's equipment.

Setbacks

But the group had neither the management team nor the right controls to cope with such a comparatively wide spread of interests gathered together in such a hurry. Before the Government-sponsored Industrial Reorganisation Corporation had prodded it along the acquisition path it was a relatively small public company and management control was highly centralised.

Elliott was therefore in no shape to cope when the inevitable recession struck the machine tool industry. Worse still, major changes were taking place in the world pattern of supply for machine tools.

There was—and is—an increasing tendency for the newer industrialised countries such as Spain and India to manufacture standard machine tools. These are countries with comparatively low labour costs.

This development not only closed up some of the better traditional markets for standard machine tools, but contained the added threat that the low-cost producers might themselves get a good foothold in Western Europe. Elliott had to face the fact that, even if it managed to survive the recession, its main market place would be dramatically altered and it must rethink its long-term future.

Two basic problems had to be tackled simultaneously. The group was highly geared, with borrowing well over 100 per cent. of shareholders' funds—it was essential that liquidity be substantially improved. At the same time it was vital to stem its losses—predominantly on the standard machine tool manufacturing side—if the sound and profitable companies in the group were to survive.

Between 1968 and 1972 the number of operating subsidiaries in the U.K. was cut from 30 to 16, the number of factory locations from 13 to six and the number of employees from 3,700 to 2,000. Borrowings were reduced from 130 per cent. to 60 per cent. of shareholders' funds and the loss-making stemmed or eliminated.

One of the men who initiated and supervised the slimming-down operation, Mark Russell, is now chairman and managing director. Mr. Russell, 50, joined the group when his family's foundry business was acquired during Elliott's search for component suppliers.

When the cut-backs were made there was not really a "master plan" because the directors had no alternative but to improve liquidity, and the timing of closures and mergers was dominated by, and geared to, the availability of cash flow to pay for them. "We closed a factory and hoped that would be the end of the problems. When we could see that there must be another closure, then we concentrated on that," says Mr. Russell. "It was painful, difficult and extremely unpleasant. I felt physically sick most of the time. But it was the only way to preserve the jobs of those who were left. I could see the whole group crumbling if action was not taken."

Trade unions and employees co-operated fully, even to the extent that one factory maintained output at full stretch until the day it was closed. Mr. Russell maintains this co-operation stemmed from employees accepting the inevitable. "At each of the plants we closed everyone knew they were operating at a loss and that the order position was desperate. It was not like a wealthy company wanting to close down a division, it was life or death for Elliott." (In those days shareholders' funds totalled less than £6m. and the market valuation put on Elliott was under £3m. To-day net assets are worth £15m. and the stock market valuation early in March was £14m.)

The major emotional jolt for everybody within Elliott came when the original milling machine plant at Acton, West London, the biggest in Europe and the one on which Elliott's previous fortunes were founded, was closed in 1972. But that marked the end of the closure programme.

Management changes were also taking place during this period. From 1968 onwards the former chairman and chief executive, the late Jack Frye, started to decentralise the group operations and to increase the responsibility of other managers. Mr. Russell became deputy chairman in 1970 and in 1972 he was also appointed managing director. He became chairman in December 1975 after the sudden death of Mr. Frye at the age of 61.

There is now a total of 20 people at head office, where the basic function is to control the group's finances and to offer, through the company secretary, help for the subsidiaries with major legal problems, insurance, pensions and so on.

Even the centralised selling organisation has been closed and this function pushed out to the operating companies. "If you are to attract the right sort of entrepreneurial managers you must give them responsibility for all aspects of their operations," maintains Mr. Russell.

Each subsidiary company is a profit centre and is allocated an agreed level of working capital at the beginning of the new financial year. That way every company has its own cash and capital and must trade within those limits—or go back to the centre and ask for more.

The U.K. operations are split into four divisions: machine tool merchanting (Gate Machinery, Elgar Machine Tools and PMT); machine tool manufacturing (Butler, Snow, Elliott and now Newall); metal forming and plastics (the Press and Shear Machinery Company, Mortimer Plastics Machinery); and general engineering and foundries (S. Russell and Sons, Adams Bros. and Burnley and Halifax Rack and Screw Cutting Company.)

The managing directors of each are among the six people reporting direct to Mr. Russell (the other two are the group secretary and the finance director). He spends about two out of three working days informally with the operating companies. "This time spent in the field is beneficial because I very rarely get a surprise—I can see the problems, or the reverse, developing at an early stage." He admits: "It is also a weakness on my part because it helps me to understand the numbers when I have seen the plants."

By the beginning of 1977 Elliott was once more growing and ready for the extra push that a takeover could bring. Unlike some of the companies which had been through similar traumas and decided to develop operations outside machine tool manufacture—Staveley Industries is the prime example—Elliott looked for the chance to increase its interest in its traditional business.

"In spite of the recent recession we have done well. With properly applied management skills and financial controls this is not a bad business to be in at all. And we think we can keep up the pace," says Mr. Russell. He also points out that during the past few bleak years, Elliott's trading profit has been about 10 per cent. of sales and its trading surplus represented nearly 29 per cent. of shareholders' funds.

There was limited scope for Elliott to increase its machine tool merchanting business in the U.K. without conflicts arising between the various overseas manufacturers that the group represents, or would hope to represent. The group actually started as a merchanting business and later added manufacturing. Last year merchanting contributed £20m. of the total £57m. sales. "It is an enormous advantage to have a successful merchanting business alongside manufacturing, because merchanting generates cash while manufacturing eats cash," maintains Mr. Russell.

The acquisition of Newall provided a chance to increase Elliott's interests in machine tool manufacturing and thus provide a better balance with the merchanting side. More important, it presented an opportunity for Elliott to increase the technological content of the machine tools it makes.

"We are particularly attracted to Newall because it has skills in engineering and is at the high technology end of the business. It would be difficult for Elliott to get into this part of the market by starting from scratch. For example, we certainly couldn't build the equivalent of the Newall facility for the price we paid (£3m.) and we could never find the people to fill it."

Mr. Russell said he took a very simple approach when deciding about the bid. "I was determined to get good management which was willing to join us because in this industry—with the skills and the knowledge involved—you need willing partners."

For Newall, which had not spent very much on re-equipping during the previous five years, the deal gave an opportunity to speed up expansion plans and to put more effort into research and development. Newall, while showing greatly improved profitability, was still highly borrowed and Elliott had the cash to inject immediately.

Mr. F. M. Russell, chairman and managing director of B. Elliott.

Improvements

At the beginning of this month it was merged with the B. Elliott Machine Tool Manufacturing Division under a new chairman. The expanded division will have a combined output of £25m. per annum and the group Board has allocated it around £3m. for further improvements and additions to its production resources.

Expenditure of £600,000 has already been approved for equipment for Newall's plant at Peterborough and Newall is looking for more people to join its research and development team. Newall already had these plans in the pipeline and had made application for grants from the machine tool industry aid scheme.

That aid scheme is just one indication of the attention the Government, through the Department of Industry, has been given to the machine-tool industry. For example, while the main reason for rescuing Alfred Herbert with a £25m. injection of State cash was to preserve the 5,000 jobs involved, the Department of Industry also had in mind the damage which would have been done to the U.K. machine tool industry's image around the world and the big gap that would have been left in production by Herbert's demise.

It follows that a certain amount of official attention was given to the proposed Elliott-Newall link-up and it received a qualified, behind-the-scenes welcome.

Newall would have fitted in with a number of other companies, including Herbert. But Herbert was in no financial state to contemplate an acquisition, even though some people outside the industry would have preferred to see Newall join the State-owned part of the machine tool business.

It is generally accepted in the relevant corridors of power at the Department of Industry and the National Economic Development Office, where machine tools are considered a key sector in the industrial strategy programme, that the merger should be good for the U.K. It gives the country a power in the grinding machine tools business now, with Newall, Snow and Elliott Machine Tools concentrated in a strong and financially sound B. Elliott group.

The one remaining major problem for Elliott is the South African subsidiary, Goldfields Industrial Corporation, which is 54 per cent. owned with the rest of the shares in the hands of the public. GIC has a steel re-rolling mill, two small machine tool factories and a merchanting division which in the past have done well and produced taxable profits of £2m. In the first half of the current financial year this was down to £200,000.

Once that is sorted out and more time has been given to the assimilation of Newall, Elliott would be ready to make another acquisition. This time, possibly to give more form to its general engineering division which takes in a modern iron foundry, a company involved in press work and another in rack and screw cutting.

Says Mr. Russell: "We would like to find a product for that division—at the moment the companies are involved in sub-contracting — and our researchers are busy looking to see if there is something that would fit."

A wealth of healthy attention for £500

CHAMPNEYS, the exclusive health farm near Tring which is being sold off by the National Enterprise Board, is hoping to add tired businessmen to its traditional clientele of rich, middle-class ladies and wealthy Arabs.

Starting this week, Champneys launched a new executive health course aimed at helping top managers cope better with everyday stress. For up to £500, slightly more than the usual Champneys guest pays because of the increased supervision on the course, executives will be given the full health and fitness treatment for seven days amidst Champneys' idyllic country estate setting.

Unlike the old days at Champneys, however, this will not include the embarrassing—and often painful—crank cures which used to be so popular at health farms. The programme offered by Champneys strictly follows established medical practice. The emphasis is on diet, fitness, and relaxation with the ultimate aim of changing the executive's life-style to avoid the stress-inspired diseases such as heart attacks.

Allan and Tanya Wheway, the couple who run Champneys, acknowledge that executive stress in itself is no bad thing. It can improve most managers' performance if handled in the right way.

The danger occurs when the unfit and overweight executive, who eats, drinks, and smokes to excess, is unable to cope with even a moderate degree of stress. It is for this group—which probably comprises the bulk of managers—that Champneys hopes to be able to reveal the path to a new healthy life.

Champneys only intends to allow one executive per company to join the course in any one week. This is because it is felt that the absence of colleagues is more conducive to a relaxing environment.

Each executive on the course, which will be strictly limited to a maximum of 12, will be subjected to both individual health treatments such as steam cabinets and massage, and group fitness training and relaxation sessions. Practical advice is also planned on such occupational hazards for the businessman as coping with large lunches. As Champneys points out, very few—if any—business deals depend upon the quantity of food eaten at lunch!

Group sessions will also be held on the medical causes and effects of stress, as well as the psychological and pragmatic reasons for its being a problem. Al Murray, who runs the highly successful City Gym, also will expound the virtues of exercise. Jogging is fine, he says, but its main bonus is in improving the heart and lungs rather than increasing strength and mobility.

Champneys is not expecting the course to attract only executives from large companies; overworked entrepreneurs from small businesses are also likely to form a substantial proportion of those attending the course.

Many companies already send executives on Champneys regular health courses, sometimes offering a week's stay on the 170-acre estate as a "thank you" bonus for extra work. One major international company has a permanent booking, and sends a different executive every week.

Surprisingly, for an institution which has always been regarded as one of the bastions of high society, Champneys can now be considered in the more mundane role of a maintenance and repair "shop." After all, it suggests, few companies would treat sophisticated machinery worth tens of thousands of pounds in the same way as executives treat their bodies. Thus Champneys provides one way for companies to ensure that their investment in people is being repaid in full.

David Churchill

Business books

Price Determination and Prices Policy by Joan Mitchell. George Allen and Unwin. H/B £5.50. P/B £2.95. The aim of this book is to discuss prices with prices policy in mind.

Secretarial Management by Josephine Shaw. MacDonald and Evans. £2.75. The aim of this book is to help executives at all levels to develop the secretarial function within there own organisation, so as to integrate the secretarial staff into the team.

Industrial Advertising and Publicity by Norman Hart. Associated Business Programmes. £7.95. This provides a comprehensive background against which sales-promotion campaigns may be developed and refined within the company's overall objectives, with special emphasis on greater profitability.

LOMBARD

Doing without banks

BY DAVID FREUD

WHAT happens when all banks close for an extended period and deprive a country of most of its money supply? At first sight the loss of access to bank deposits could have any number of ominous consequences, ranging from a rocketing money supply, with its attendant inflation, as the public supplied its own uncontrolled means of exchange, to a drop in output brought about by a decline in consumer spending.

Thanks to the Irish we have a unique example of how an economy operates when the banks are shut. Between 1966-76 labour disputes closed all the clearing banks on three occasions for a total period of nearly a year. The longest time was in 1970, when the dispute lasted 6½ months.

How did the economy fare? Apparently very well. By and large retail sales stayed at their usual levels, while economic activity remained quite resilient. A study by Mr. Antoin E. Murphy, of Trinity College, Dublin, concludes that a "highly personalised credit system without any definite time horizon for the eventual clearing of debits and credits substituted for the existing institutionalised banking system."

Several special factors were at work in permitting the development of the new system, suggesting it would not be adopted so readily in larger economies. Not the least of these was that venerable Irish institution, the public house.

In effect, pubs and shops emerged as a substitute banking system. The exchange of unbacked credit notes meant that information on people's creditworthiness was essential. The natural repository of such information was in the shops, numbering about 12,000 and the 11,000 pubs—one to every 190 adults.

Downturn

At the beginning of each of the three closures—in 1966, 1970 and 1976—there was a downturn in the level of retail sales before a recovery. "A similar learning process seems to have been at work in each case with the initial desire on the part of buyers to maintain liquidity, allied with the natural reluctance on the part of sellers to extend credit, giving way to the development of a huge multilateral system of credits and debits which permitted the smooth functioning of exchange activity as the closures lengthened."

The alternative exchange system that developed in Ireland has implications for monetary theory. Mr. Murphy argues that it establishes empirically the distinction between money as a means of payment and money as a medium of exchange.

When the banks are open a cheque issued against a known credit account effects payment and exchange simultaneously. However, when the banks are closed for an indefinite period the cheque is used as a medium of exchange. It does not immediately finalise the transaction, leaving the transactor and/or the accepting agency with some liability or contingent liability. Exchange takes place but payment is deferred.

Definition

As long as the exchange takes place all the instruments which have facilitated the exchange of goods and services can be defined as money. So if money is not simply a means of payment but also a medium of exchange the definition of the money stock must be broadened to include instruments such as bills of exchange, IOUs and trade credit.

Thus, argues Mr. Murphy, improved information on the public's creditworthiness may tend to increase the potential money supply by monetizing instruments used as a medium of exchange.

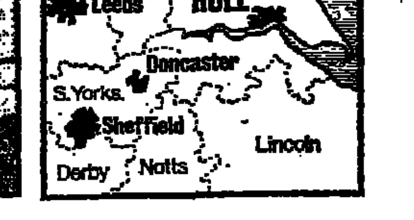
"Money in its means of payment role is largely required because it acts as an information substitute. Once payment money is used the transaction is finalised and information on the creditworthiness of the payer is not required. On the other hand, money as a medium of exchange embodies an information factor which allows exchange to take place prior to payment for goods and services. It is the information possessed by the payee on the creditworthiness of the payer that is vital to the transaction. Without adequate information the payee will demand means-of-payment money in return for his goods or services."

All of which makes life rather harder for those who believe that controlling the stock of money should be the authorities' main instrument of economic control. The Irish experience suggests that almost anything can be used for money. Whether other societies would react in the same way is a moot point

Money in an economy without banks: the case of Ireland by Antoin E. Murphy The Manchester School of Economic and Social Studies, Volume 46, March 1978, £3.00.

A trailing industry

BY JOHN GRIFFITHS



THEY ARE scattered across the landscape of North Humberside like so many oddly lifeless holiday camps; and the cold wind that has been slicing through them for much of the past year is not just the one from off the North Sea.

They are the sites of the caravan manufacturers of Hull, an assortment of perhaps 40 companies which between them account for nearly half of the U.K's. caravan production. And since most of the rest is accounted for by just one manufacturer — the industry's "giant," Caravans International of Newmarket—Hull can claim with some justification to be Britain's caravan capital.

But of the 40, only half a dozen are large and well-established, employing 300 or more men, in an industry where a 20-year-old company is a patriarch. A similar number employ 100 or more, but many of the rest occupy small sites, employ as few as a dozen or so men, and tend to form and—all too frequently, lately—disappear as fast as the east coast's sandbanks.

Together, the Hull companies have taken a buffeting during the past 12 months from depressed markets at home and abroad which has shown up in a saga of redundancies, short-time working and closures.

One small manufacturer, who started up last year, recalls 13 companies going under in the past eight months—"and I reckon it will be 18 inside the year."

As a leisure-based operation which is among the first to feel the effects of an economic up- or downturn, the industry is noted for the sharpness of its peaks and troughs. But there is general agreement that the past year has seen a bigger shake-out even than that caused by the imposition of 25 per cent. VAT on touring caravans—which account for over a third of the total market—in 1976.

Virtually all the Humberside failures have been among the small makers. Often undercapitalised to start with—several were launched with funds amounting to little more than £5,000 — and heavily exports oriented, they have naturally proved most vulnerable to the financial strains arising from a capricious Continental market which for the past year has found itself greatly overstocked.

With the bigger companies, which can produce up to 200 trailers, static and motorised caravans per week, being able and prepared to offer discounts and lengthening periods of credit, it was hardly surprising that the smaller companies started going to the wall in increasing numbers.

"It was reaching the stage where some companies were putting up 90 days' or more credit—and that's just ridiculous," according to Mr. Alan Gray, a director of Monarch Caravans, which currently builds some 18 units a week (to order) from one of the modern warehouse units lining one of Hull's now sadly under-utilised fishing docks.

But the failures have not all been small. In March, Ascot Caravans, which occupied a large site in Hull's expanding

AROUND BRITAIN

HULL CARAVANS

Sutton Fields Industrial Estate, closed its doors, with the loss of some 130 jobs out of an estimated Hull caravan workforce of 2,000. Mr Ronald Lee, joint managing director, insisted that despite cash flow problems, shared with other manufacturers, over the winter, the company was still viable, with £½m. in orders from abroad won for the spring. Nevertheless, its bankers put in a receiver.

Last year "really knocked the industry sideways," according to Mr. Reg Dean, marketing executive for A-Line, one of the largest manufacturers which, with a current work force of over 300, turns out about 130 units of all types each week. On its 25-acre site a new factory is being built to expand production of motorised caravans, which its managing director, Mr. David Wilkinson, sees as the biggest potential growth market.

Mr. Wilkinson, like other manufacturers, attributes the sharp dive in the Continental market to a number of factors: the growing strength of the Continental manufacturing industry, younger than Britain's but which has mushroomed in the past few years to the level where it produced over 170,000 units last year; the gain in the strength of sterling, even if short-lived; and to the anti-inflation controls which bit deeply into one of the Hull makers' largest markets, France.

Despite the lack of growth this year, the caravan industry's exports record is still good. Units went to 85 countries, earning £65m. in revenue for Britain last year, according to Customs and Excise figures. Out of an estimated total 1977 U.K. output of over 90,000 touring and "static"—both residential and holiday—caravans, nearly 44,000 went abroad. And much of this output was accounted for by the Hull industry, which has grown up mainly since the early 1960s on the basis of the facilities provided by Hull both as a port supplying easy access to the Continent, and as a centre for imports of the timber that the caravan industry consumes in large quantities.

The Hull industry is remarkably "home-grown"; virtually all the companies now operating there have been formed by former employees of those which first started up. And it is a process which is continuing, with several small makers starting up in the past nine months despite the competition in such a thin market.

One such is Mr. John Hendey, who now makes five of his "Dolphin" caravans a week, to firm order only, and who expresses a determination to steer clear of reliance for sales on any one Continental agent; a situation which, he insists, has led to the downfall of a number of the small makers. It is Hendey's belief that it is a lack of financial expertise and poor costing which is as much responsible for the high number of failures as the poor state of the market.

But if nothing else, the vagaries of the industry's fortunes have served to breed a certain pragmatism among the small makers who are most at risk.

"Nearly everyone in the industry knows each other," observes one small manufacurer drily. "When you hear that someone's gone under, you tend to ring up and say 'sorry you've gone—when are you starting up again?'"

Smuggler could repeat his Jockey Club Stakes win

RACING

BY DOMINIC WIGAN

IN SPITE of an absence of almost ten months, Smuggler strikes me as the one they will all have to beat in this afternoon's renewal of the Jockey Club Stakes at Newmarket.

The rangy West Ilsley chestnut, a five-year-old by Exbury (whose stock tend to develop late) out of that good mare, Hiding Place. Smuggler ran a fine race in this event a year ago, going down by just a neck to his old rival, Oats.

A reproduction of that running, or the form which saw him take third place behind Exceller in the Coronation Cup on his subsequent start, will make Dick Hern's colt extremely difficult to beat.

Should there be further rain, however — a factor which Smuggler's connections will look on with foreboding — it will probably pay backers to at least save their strikes on another chestnut, the Run the Gantlet four-year-old, Classic Example.

Some smart sprinters are due to line up for the seven-furlong Playboy Bookmakers Handicap, in which Royal Harmony will be trying to give from between 3 lb and 30 lb to his 14 opponents.

Mr. Jocelyn Hambro's top weight, a good-looking Sun Prince colt, whose best juvenile effort was a clear-cut victory over Manor Farm Boy and Deed of Gift in the July Stakes, could go well without, perhaps, proving up to giving over a stone to Salinity.

A tough and resilient two-year-old, Salinity ran with promise on his only previous appearance this season.

Discreet, who also represents Salinity's stable (that of Michael Stoute) would take a good deal of beating off 8st 6lb if she reproduced the form which defeated Peach Melba at Nottingham last summer.

However, she is a good deal more backward than her stablemate and it is probably best to overlook her claims.

One who is clearly expected to go well is Brian Swift's Epsom challenger, A Honoora.

In what was almost certainly an extremely sub-standard 1,000 Guineas at Newmarket yesterday, 35-to-1 chance Enstone Spark, on whom Ernie Johnson ploughed a lone furrow down the centre of the course, held off a determined late challenge from Fair Salinia.

NEWMARKET

2.00—Aragua
2.30—Giab
3.05—Smuggler
3.35—Salinity**
4.05—Schweppshire Lad***
4.40—Catechism*

TV/Radio

† indicates programme in black and white

BBC 1

6.40 a.m. Open University. 9.38 For Schools, Colleges. 10.45 You And Me. 11.05 For Schools, Colleges. 12.45 p.m. Mid-day News. 1.00 Pebble Mill. 1.45 How Do You Do? 2.05 For Schools, Colleges. 3.20 Ar Glawr. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Scooby Doo. 4.40 Potter's Picture Palace. 5.05 Horses Galore. 5.35 Magic Roundabout.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Bugs Bunny.
7.10 The Wonderful World Of Disney.
8.00 It's A Knockout.
9.00 News.
9.25 Petrocelli.
10.15 Tonight.
10.45 Regional News.
10.46 The ABA Championship Finals of 1978.
11.45 The Late Film: "Strategy Of Terror," starring Hugh O'Brian.
1.10 Weather.

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 p.m. Bys A Bawd. 5.55-6.20 Wales To-day. 7.00 Heddlw. 7.25 Cadwaladr. 7.30-8.00 Glas Y Dorlan. 10.15 Kane On Friday. 10.45-10.46 News for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 10.15 Breathing Space. 10.45-10.46 News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Gallery. 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Nationwide (London and South East); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) On Camera; Midlands (Birmingham) Look! Hear!; North (Leeds) Lifelines; North East (Newcastle) Wilf Mannion; North West (Manchester) Sense Of Place; South (Southampton) Cusden On Location; South West (Plymouth) Peninsula; West (Bristol) The History Makers.

BBC 2

6.40 a.m. Open University.
11.00 Play School.
4.55 p.m. Open University.
7.00 News On 2 Headlines.
7.05 That's The Way The Money Goes.
7.30 Newsday.
8.15 The Money Programme.
9.00 Ripping Yarns.
9.30 Inside Story.
10.20 The Devil's Crown.
11.15 Portrait.
11.40 News.
11.50 Closedown. Martin Jarvis reads "A Young Man's Song," by William Bell.

LONDON

9.30 a.m. Schools programmes. 12.00 The Learning Tree. 12.10 Stepping Stones. 12.30 Boroughs, Towns and Cities. 1.00 News and F.T. Index. 1.20 Help! 1.30 Beryl's Lot. 2.00 Money-Go-Round. 2.25 Mid-Week Racing from Newmarket. 4.15 Four Idle Hands. 4.45 Magpie 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames At 6.
6.35 Crossroads.
7.00 Winner Takes All.
7.30 The Many Wives Of Patrick.
8.00 Hawaii Five-O.
9.00 People Like Us.
10.00 News.
10.30 Who'll Win The Cup?
11.00 Police 5.
11.10 Russell Harty.
12.10 a.m. George Hamilton IV.
12.40 Close—A poem written by Edwin Muir read by Neville Jason.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 5.15 Chatterbox. 6.00 About Anglia. 8.00 Danger in Paradise. 10.30 Probe. 11.10 Who'll Win The Cup? 11.40 Mystery Movie—Columbo. 1.25 a.m. Men Who Matter.

ATV

1.20 p.m. ATV Newsdesk. 1.30 Paint Along With Nancy. 3.50 The Sullivans. 5.15 Breakaway. 6.00 ATV Today. 7.30 Rafferty. 8.30 Sale of the Century. 11.00 The Oliver Reed Star Movie: The Shuttered Room.

BORDER

†1.20 p.m. Border News. 5.15 The Partridge Family. 6.00 Lookaround Friday. 8.00 Quincy. 11.00 Film: Neither the Sea Nor the Sand starring Susan Hampshire. †12.40 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel News. 6.00 Report. 8.00 Quincy. 10.28 Channel Late News. 11.00 Late Night Movie: "Bus Stop." 12.35 a.m. News and weather in French.

GRAMPIAN

12.30 Local Elections. 1.20 Grampian News. 6.00 Grampian Today. †7.30 The Jim MacLeod Show. 8.00 Quincy. 10.30 Reflections. †10.35 Friday Film: "Dr. Jekyll and Sister Hyde." 12.30 a.m. Grampian Late Night Headlines.

GRANADA

1.20 p.m. This Is Your Right. 1.30 The Amazing World of Kreskin. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Kick Off. 7.30 Oh No! It's Selwyn Froggitt. 8.00 Westside Medical. 11.00 Great Films of the Century: Ralph Richardson in "The Sound Barrier."

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 1.30 Ten Years On—In the West Country. 2.00 Women Only. 5.15 p.m. The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 8.00 Rafferty. 11.00 The Late Film: "The Eyes of Charles Sand."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 1.30-2.00 Ten Years On—In Wales. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News. 1.30 Out of Town. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 The Better Sex. 8.00 Charlie's Angels. 10.30 Ways and Means. 11.00 It's Friday, and I'm Steve Jones. 12.00 Late Call. 12.05 a.m. Love American Style.

SOUTHERN

1.20 p.m. Southern News. 1.30 The Electric Theatre Show. 2.00 Women Only. 5.10 Weekend. 5.20 Crossroads. 6.00 Day by Day/Scene South East. 6.30 Challenge of the Sexes. 8.00 Emergency. 10.30 Opinions Unlimited. 11.00 Southern News Extra. 11.30 Who'll Win The Cup? 11.40 The Late, Late Show: Erotissimo starring Annie Girardot.

TYNE TEES

1.20 p.m. North East News. 1.30 Out of Town. 5.15 Mr. and Mrs. 6.00 Northern Life. 7.30 Oh No! It's Selwyn Froggitt. 8.00 The Streets of San Francisco. 11.00 Sportstime. 11.30 The Family. 12.30 a.m. Epilogue.

ULSTER

12.30 p.m. Survival. 1.20 Lunchtime. 4.13 Ulster News Headlines. 5.15 The Flintstones. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.50 Police Six. 8.00 Westside Medical. 11.00 Two at 11.00. 11.30 Sportscast. 12.30 a.m. Bedtime.

WESTWARD

12.30 Local Elections. 1.20 Westward News. 6.00 Westward Diary. 8.00 Quincy. 10.28 Westward Late News. 11.00 Late Night Movie: "Bus Stop," starring Marilyn Monroe. 12.35 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 1.30 Winners and Losers. 5.15 Out of Town. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 Oh No! It's Selwyn Froggitt. 8.00 The Streets of San Francisco. 11.00 Appointment with Fear.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 12.30 Newsbeat. 2.00 p.m. Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 6.00 Roundtable. 7.30 Stan Reynolds and his Orchestra (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 a.m. As Radio 2.

VHF Radios 1 and 2—5.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 10.00 p.m. With Radio 1. 12.00-2.02 a.m. With Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Richard Vaughan with The Early Show (S) including 6.15 Pause for Thought. 7.32 Ray Moore (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 Sports Desk: Racing from Newmarket: 3.05, 3.35, 4.05. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Stan Reynolds and his Orchestra (S). 8.02 Ronnie Aldrich (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Free Spirit (series). 10.30 Let's Go Latin. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. Tennis: World Championship Doubles Tournament. 2.00-2.02 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

‡Medium Wave only

‡6.55 a.m. Weather 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Stravinsky and the Ballet (S). 9.50 Beethoven Trios (S). 10.25 BBC Northern Ireland Orchestra (S). 11.10 Young Artist's Recital (S). 12.05 p.m. BBC Welsh Symphony Orchestra, part 1: Haydn, Weber (S). 1.00 News. 1.05 Playbill (S). 1.20 BBC Welsh SO, part 2: Mathias, Mozart (S). 2.05 Royal Repertoire (S). 3.05 Quartetto Italiano: Schumann, Beethoven (S). 4.00 Somervell's Maud (S). 4.45 The Young Idea (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound. ‡6.30 Lifelines: Leisure and Recreation. 7.30 Music from Pebble Mill: Beethoven piano recital, part 1 (S). 7.50 Talk. 8.00 Recital, part 2. 8.25 Shakespeare and the Histories. 8.45 Music from Pebble Mill, part 3 (S). 9.20 Truth and Dr. Steiner 9.40 Sibelius (S). 10.35 Music Now. 11.20 In Short. 11.30 News. 11.35 Tonight's Schubert Song.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 8.00 News 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Local Time. 9.35 Your Feet's Too Big. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Road to Carey Street. 12.00 News. 12.02 p.m. You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather and programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour from Birmingham. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 The Eloquent Manuscript. 4.35 Story Time. 5.00 p.m. Reports. 5.40 Enquire Within. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Poems and Voices. 8.30 Any Questions. 9.15 Letter from America. 9.30 Kaleidoscope. The Royal Shakespeare Company. 10.00 The World Tonight. 10.30 Week Ending. . . . 10.55 My Delight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.03 In Town. 12.30 p.m. Call In, including 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 In Town. 8.30 Black Londoners. 10.00 Track Record. 12.00—Close: As Radio 2.

London Broadcasting

261 and 97.3 VHF

5.00 a.m. Morning Music. 6.00 A.M. with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 1.00 p.m. LBC Reports including George Gale's 3 O'clock Call. 8.00 After 8—with Ian Gilchrist. 9.00 Nightline with David Bassett. 1.00-5.00 a.m. Night-Extra.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 p.m. Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 a.m. Ian Davidson's London Link International.

F.T. CROSSWORD PUZZLE No. 3,659

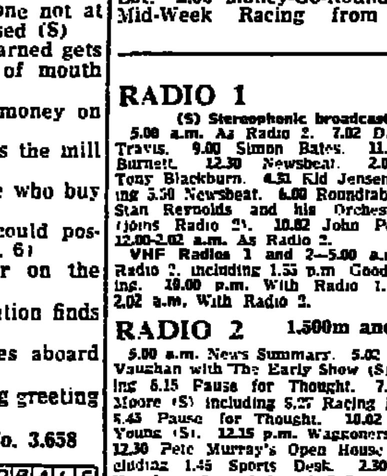
ACROSS

1 Exhibits the start of enterprise in the Press (8)
5 One who can carry drink (6)
9 This suggests that the winning jockey was not pressed (4, 4)
10 A town very French in sex appeal (6)
11 Dragoons known by their colours (3, 5)
12 Meaning I'm left (6)
14 Seen by those who have come down in the world (6, 4)
18 Makes the case complete—ready for publication (5, 5)
22 The team has the time for a break (6)
23 Governor of Britain finds one colonel in the Indian city (8)
24 Spells misfortune in the Civil Service (6)
25 Here is a sure thing on a tree (8)
26 Seated with a saint about Paradise (6)
27 Notice to study what is foolish, we hear—it must be put in (8)

DOWN

1 Comely fairway (6)
2 Followed a girl in the finish (6)
3 "Those oft are stratagems which —— seem" (Pope) (6)
4 Cuddly toys Edward has to put up with (5, 5)
6 Get the better of one not at home but well-dressed (8)
7 The lesson to be learned gets to them by word of mouth (3, 5)
8 The true proof is money on the match (4, 4)
13 Powerful turn keeps the mill going (6, 4)
15 The crimes of those who buy stolen goods (8)
16 Damn Enid. This could possibly be popular (2, 6)
17 Tree-feller we hear on the council (8)
19 Airman in conflagration finds a cab (6)
20 Where baggage goes aboard for keeps (2, 4)
21 Sarah gets a morning greeting (6)

Solution to Puzzle No. 3,658



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

[illegible]

THEATRES

[illegible]

CINEMAS

[illegible]

Cinema

A surreal thriller

by NIGEL ANDREWS

The American Friend (AA) — Gate Two
Iphigenia (A) — Studio 3, Odeon, Chelsea
MacArthur —The Rebel General (A) — Ritz
Full Circle (AA) — Plaza 1

Wim Wenders is one of the *wunderkind* directors of the New German Cinema. His name and fame lag a little behind those of Fassbinder and Herzog, because he has a more diffident, slow-fuse style (vide *Alice In The Cities* and *Kings of the Road*), and because his work is less picturesquely (or ostentatiously) non-conformist. Wenders is fascinated as much by victims as he is by heroes, by those who succumb or despair or simply carry on as by those who triumph or rebel.

His new film, *The American Friend*, is based on a Patricia Highsmith novel and looks at first like a Hollywood thriller in which the machinery has run down. The rhythm is so broody and out-of-joint, the pace so slow, that, on first viewing, the film's obscurities and loose ends exasperate. (Not to mention the odd enrolment in the cast list of a host of Famous Directors—Nicholas Ray, Samuel Fuller, Daniel Schmid, Jean Eustache, etc.—seemingly constituting a parlour game for film buffs.) But a second viewing works wonders. One starts to take the film for what it is—a typical Wenders tragicomedy of human doubt and helplessness (laced with movie-mania for those willing to pick up the allusions)—and to discard one's Hitchcockian expectations of streamlined suspense and slick denouements.

Highsmith's fortune-hunting protagonist Tom Ripley, veteran hero of many of her novels, surfaces here in the quirky, downbeat, mannered person of Dennis Hopper. This underworld knight errant's latest sideline is trafficking in fake art works, and through this he meets a down-at-heel Hamburg picture-framer (Bruno Ganz) with whom he is soon involved in a bizarre murder plot. Ganz has been hired by an itinerant gangland smoothie (Gerard Blain) to dispose of two victims in return for a 250,000-mark fee. Believing that he is dying of an incurable blood disease, Ganz accepts the job to secure his wife and child's future.

The murders are duly committed (Hopper helping out with the second) and then—within sight of the film's ending—the plot and the characters suddenly start to behave as if they have been short-circuited. The story splutters, stops, rallies, and then explodes into incomprehensibility. I defy anyone to follow the film twist by twist up to its final minute. But by that time it doesn't matter—the spell has been cast. Wenders has transcended the pulp-fiction world from which he and Highsmith started out, and escorted the characters into his very own empyrean of comedy, bewilderment and melancholy panic. The surreal disorganisation of the finale—a shot gangster, a blown-up ambulance, a heart attack at the wheel of a car—is the only possible conclusion to a comic nightmare in which purpose and reality have been steadily disintegrating from the beginning.

Unlike most thrillers, where the action is clean, sharp and determined, this one is about characters who drift or are jostled from one semi-involuntary act to another. Wenders works some beautifully off hand symbolism into the story—Ganz's work as a picture "framer" and Hopper's habit of recording his thoughts into a tape-machine can both be seen as attempts to define and circumscribe stubbornly inchoate lives: and so cleverly does Wenders contrast Ganz's poky, dusty, ramshackle flat with the labyrinthine modernity of airports or tube and railway trains (where the murders take place) that Ganz's motivation for the crimes seems less the money than a sudden, whirlwind romance with the outside world: the break-out of a closet libertine and romantic.

No less enthralling is Wenders' handling of his actors: a delicate choreographing of their ties and mannerisms that gives the film a behaviouristic richness unequalled in recent cinema. Hopper's air of manic deliberation meshes so neatly with Ganz's droopy ingratiation (he even falls half-asleep while waiting for his first victim on a Tube platform) that the intimacy between the two men grows into a kind of platonic adultery: giving an added piquancy to the wife's distress at Ganz's mysterious absences. The weak link in the film, ironically, is the wife (Lisa Kreuzer), who seems less a character here than a function, on hand to register wifely dismay and bewilderment whenever her husband departs or a mysterious packet of money comes through the post. But one weak link is permissible in a chain elsewhere as strong, glittering and characterful as this. It opens at the Gate Two cinema this week and must be seen.

★

Michael Cacoyannis's *Iphigenia* is the third in the Greek director's trilogy of films based on plays by Euripides. Like *Electra* and *The Trojan Women*, it transplants the Athenian playwright's world from darkened amphitheatre to bare, rocky, sun-drenched location; here telling the story of how Agamemnon's daughter was sacrificed so that *the gods would give fair winds* to drive the Greek ships to Troy. The film begins powerfully—a slow, impressionistic montage depicting the tattered indolence and demoralisation of the Greek army as they wait to sail—but once the "text" gets underway, the old *Cacoyannis weaknesses* come to the fore: gesture and visual rhetoric substituting for drama, the picturesque for the meaningful. The film is neither a faithful record of a stage performance nor a truly imaginative reworking of Euripides for our own time: and although Cacoyannis conjures fine performances from Irene Papas as Clytemnestra and Tatiana Papamoskou as Iphigenia, he gives them little more than a vast, scenic echo-chamber in which to display them.

★

"Old soldiers never die," said General MacArthur, "they just fade away." Or they are embalmed by Hollywood. *MacArthur—The Rebel General* is a military bio-pic built on the pattern of *Patton*; a half-sceptical, half-reverential portrait of an indomitable war-horse to whose courage and strategic flair America owed much of her World War Two glory. In both cases—Patton's and MacArthur's—the warrior overreached and had to be checked, Coriolanus-like, by the nation he had served and saved. Jingoism in their stories is thereby savoured with personal tragedy, and the susceptible film-goer thinks he is getting a complex, multi-dimensional view of history.

He is getting nothing of the sort. *MacArthur* is as *papier-maché* a slice of history as any of its more unassuming predecessors, and looks to have been made with more attention to keeping down the cost than keeping up the quality. Ill-matched stock footage and ill-applied make-up (Dan O'Herlihy and Ed Flanders are remarkable look-alikes of Roosevelt and Truman respectively — until close-ups reveal the all-too-visible putty) jostle with cut-price battle scenes. None of which would matter (so much) if *Gregory Peck's performance as* MacArthur could carry the day. He does his best; but at least two of the more obvious and double-edged qualities that made MacArthur what he was—fanaticism and bloody-mindedness—are wholly missing from Peck's repertoire.

★

Full Circle, an Anglo-Canadian thriller starring Mia Farrow, begins in such fine, frisson-filled style that one's heart bounds with premature optimism. A mother, played by Miss Farrow, accidentally kills her own *daughter (by some panic surgery* with a table-knife) while trying to save her from a choking fit. The mother recovers from the shock only, over ensuing weeks, to project her grief and anger onto her husband (Keir Dullea). She buys a house in Holland Park, barricades herself against him and other visitors (except for best friend Tom Conti and sister-in-law Jill Bennett) and then discovers, to her understandable dismay, that the house is haunted by a little girl strangely resembling her own daughter.

It is at this point, alas—just when the film has won our confidence and involvement—that everything begins to go wrong. The plot starts tacking all over the place, invoking distressed mediums, mutilated boys and mad old ladies; characters are murdered with wondrous casualness and just as wondrously forgotten about; and Miss Farrow, hitherto resourceful and moving in the main part, is reduced to duplicating in semaphore her mad-eyed waif role from *Rosemary's Baby*. The film's director was Richard Loncraine, *its* writer was Dave Humphries, and the next time they collaborate on a thriller they should perhaps try and make do with one plot rather than three.

Dennis Hopper

Paola Dionisotti and Jonathan Pryce

Leonard Burt

Festival Hall

James Galway

by NICHOLAS KENYON

Roll up! Roll up for the Great Galway Show! See the Great Galway perform death-defying leaps of facile brilliance! Watch him nonchalantly flick open the button on his velvet jacket just before the cadenza! Laugh as he jovially ribs the violinists during the tuttis, and slumps wearily onto his stool with an impish smile! Hear him as he raises the art of self-advertising superficiality to new heights!

The Great Galway will—with no more than a few knowing winks—transform the dark and mellow colours of Mozart's Clarinet Concerto—no, not into the even darker sounds of the basset horn for which it was intended, but into the shrill and cheerful chirruping of the golden flute!

And, knowing the warmth of affection which his public feel for him, the Great Galway will, at no extra cost, play and—could it be otherwise?—introduce a couple of highlights from his *most daring acts by way of* encore!

Also appearing: Eduardo Mata, the London Symphony Orchestra, and a really rather good performance of Dvorak's Eighth Symphony.

Book Review

Film Times

America in the Dark by David Thomson. Hutchinson, £5.95, 288 pages

David Thomson, the biographical blurb informs us, "was born in London in 1941, the year *Citizen Kane* was released." No birth date could have been more prophetic. Thomson devotes a whole, long chapter to Orson Welles's film in his new book of film criticism and he clearly sees it as the archetypal Hollywood movie: *double-edged and fascinating in* its love-hate affair with the wealth, the power and the glory incarnate in its central character —and in the personality of Hollywood itself.

Thomson is the best British film critic around, to my mind, and this book should prove the fact to waverers and sceptics. It is part autobiography, part criticism. Thomson begins with an account of his childhood in South London, where cinemas were among the few giant landmarks relieving the endless suburban sprawl. As palaces of magic, they seemed to him to partake sometimes of rapturous enchantment (sometimes of sly and reprobate trickery). This ambivalence in the nature of cinema is the theme of the book, and it is brilliantly explored in a series of chapters on different movie genres (the gangster film, the romance) and on the different components of the film-making act itself.

The most refreshing strand running through the book is the writer's enlightened attitude to the "auteur" theory. Thomson is well aware that the system, not the individual, has always reigned in Hollywood and that "the exaggeration of [the director's] power is one of the more serious fallacies misleading the study of Hollywood to-day." He acidly observes that "it suits some young critics to build elaborate interpretations of films that may have been made by men aghast at the silliness of their material and their colleagues."

On the other hand, Thomson also regards Hollywood popular cinema as the fount from which almost every film-maker in the non-American world has drunk and drawn inspiration. The *process and habits of filmgoing itself* in its popular heyday were intimately bound up with the effect of individual films: the darkened house, the simultaneous sense of communal response and personal solitude, the vast rectangle of light before which the filmgoers sat like religious votaries. *Television*, as Thomson rightly points out, is by comparison a dispassionate, fragmentary medium: its impact more ephemeral, its hypnotic power less potent. If the future lies in the small screen, as advancing technology and declining movie audiences indicate, then here at least is a book that commemorates and crystallizes the filmgoing experience for future generations.

NIGEL ANDREWS

English National Opera deficit

The English National Opera has just ended its financial year with a deficit of £100,000. Poor audiences during the spring provicial tour of 1977, and industrial troubles in the autumn, accounted for the shortfall, which is not affecting plans for the 1978-79 season. Four new productions are to be presented as well as a tour, the only two areas in which economies can be made.

Attendances in 1977-78 averaged 80 per cent. of capacity, a slight rise on the previous season. Productions which attracted houses of 95 per cent. *or more were The Magic Flute* and *Siegfried*, both with 97 per cent., *La Traviata*, *The Valkyrie*, *Rigoletto* and *Carmen*. The major disappointments tended to be the new productions, especially the commissioned opera, *Toussaint*, which only managed an average audience for its three performances of 38 per cent. However two other performances were cancelled, when interest was starting to increase. Another new production, *Julietta*, attracted an audience of 53 per cent.

The four new productions for 1978 are *The Seven Deadly Sins* by Weill and Brecht which opens on August 22 in a double bill with Gianni Schicchi; *Aida*, with a first night on October 18; *The Marriage of Figaro*, starting on November 22; and *The Adventures of Mr. Broucek*, by Janacek, which has a December 28 premiere. In the *Seven Deadly Sins* Julie Covington plays the part of Anna as a singer, and Siobhan Davies plays Anna as a dancer. The conductor is Lionel Friend, who is new to the Coliseum; the producer Michel Geliot, and the designer Ralph Koltai.

For *Aida*, Sir Charles Groves will be conducting and the cast includes Josephine Barstow as Aida and Elizabeth Connell as Amneris. Sir Charles is also the conductor of *The Marriage of Figaro* which will be produced by Jonathan Miller.

To meet rising costs seat prices at the Coliseum are to be increased, and other ways of raising cash, such as industrial sponsorship and lotteries, investigated. Both the Arts Council and the GLC have raised their help in line with inflation. In 1977-78 the Arts Council gave the ENO £2,640,000 and the GLC, £520,000.

ANTONY THORNCROFT

Royal Shakespeare Theatre

The Taming of the Shrew

by B. A. YOUNG

When I can believe in it, I find *The Shrew* a very unattractive play. Of Michael Bogdanov's modern dress production for the RSC, I believed only the first two minutes, for he has inherited the opening used by his predecessor at the Young Vic. As we settle in our seats, the theatre staff are arguing with a drunk who wanders about the stalls, drinking beer from a bottle and speaking some very un-Shakespearean dialogue. Not until he has found his way to the stage and started a riot that utterly destroys the disappointingly unfashioned decor do we realise that this is Christopher Sly, the tinker for whose benefit the subsequent romance is to be performed.

When the new scene is set, an unrepresentative affair by Christopher Dyer consisting mostly of open iron staircases, Sly mixes with the other characters, still a little un-Shakespearean. He has already disposed of his "wife." He also disposes of himself in the first scene, slinking away after Kate and so depriving us of my favourite line, "'Tis a very excellent piece of work, would'twre done."

The play continues on a highly farcical level, but now keeping faithfully to the text between the slapstick adornments. I was able to believe in it only *as far as* I can believe in Feydeau, but because the company proves itself so adept at the farcical style, I never felt that embarrassment which farce engenders when it is impossible. Paola Dionisotti plays Kate, apt casting with her Jack Hulbert profile. She makes her first entry with an incoherent yell. The barbed wire stretched over Baptista's gates might have been put there as much to keep her in as to keep her sister's suitors out.

Her own suitor enters on a motorbike, Grumio on the pillion. They are a fine couple, Jonathan Pryce as confident as a politician and as casual as a punk rocker. David Suchet confirming the fine impression he made as Caliban on Tuesday with a Grumio that might have come from Moliere. Mr. Pryce makes his Kate smile too early in his wooing when he picks up an ornament from Baptista's desk and uses it as a microphone; but she does not smile much thereafter, for she is absolutely tame after her short sharp honeymoon, and when she delivers her great anti-Women's Lib speech after her sister's wedding it is clear she is lost for ever.

Her sister Bianca is Zöe Wanamaker, easily approachable by the right man, who is Antony Higgins' Lucentio, but unpromising material for Kate's new crusade. Tranio (Ian Charleson) turns himself expeditiously from a servant suggesting a Scottish lawyer into a young man of flamboyant pride such as his master might have been glad to be.

Mr. Bogdanov is up to all sorts of tricks. He marches a military band around the stage. He finds an opportunity for Tranio and Lucentio to be discovered in a café with their trousers off. He gives Baptista (nicely played by Paul Brooke, who knows how to be funny when he is doing nothing) an electronic calculator with which to reckon the relative values of Bianca's suitors. It catches fire when Tranio adds his contribution. The guests at Kate's delayed wedding shiver beneath umbrellas until Petruchio arrives disguised once more as Christopher Sly with a pantomime horse upstage instead of his Honda.

The story, or rather the stories, of *The Shrew* are so fantastic that there is ample justification for playing it this way, as long as it is done as expertly as it is done here. Mr. Bogdanov has, however, not found a way out of the Christopher Sly problem. Shakespeare simply put him to sleep and forgot about him. In Shakespeare's immediate source, Sly has dreamed the whole thing. Sly doesn't say so in this production which ends as Shakespeare ended it, with the men congratulating themselves; but this is as good an explanation as any—if you must have an explanation of such a joyous evening.

Leading actors from abroad

France's legendary film and stage actor Jean Marais, and the equally distinguished Russian born actress, Lila Kedrova, are to play the leading roles in the Paris production of Jean Cocteau's *Les Parents Terribles* to be given at The Old Vic Theatre for one week from May 22-27.

Cocteau's play, first seen in Paris in 1938, is enjoying a successful revival in France, and iti s this current revival which will come to The Old Vic from the Théâtre Antoine, Paris.

Jean Marais who played the part of Michel in the original production and who now plays the father, Georges, has not appeared ont he English stage before.

Lila Kedrova was born in Leningrad and most of her stage career has been in Paris. She won the Evening Standard Drama Award in London for her part in the Prospect Theatre production of *The Cherry Orchard*. She also won an Oscar for her part in *Zorba the Greek* and is perhaps equally well known for a famous vignette performance in Hitchcock's film *Torn Curtain* as the woman in the coffee shop trying to escape to the West.

American actress Sylvia Miles will play a leading part in *Vieux Carré*, the latest Tennessee Williams play, which receives its British premiere at Nottingham Playhouse on May 11.

FINANCIAL TIMES
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Friday May 5 1978

The NEB and the Tories

SIR LESLIE MURPHY, chairman of the National Enterprise Board, is trying to persuade the Tories not to tamper with his organisation if they win the next election. In his statement with the 1977 annual report, Sir Leslie gives a strong defence of the NEB's role and argues that the lack of consensus between the political parties on industrial policy may have been a factor in the U.K.'s poor economic performance. Whether this will impress Mrs. Thatcher and her colleagues remains to be seen. What is certain is that the NEB has done none of the things which its left-wing sponsors hoped it would do. They wanted it to extend public ownership into profitable manufacturing industry and use its holdings in large, successful companies to bring about a substantial increase in capital investment. In practice the NEB's ambitions have been more modest. It is trying to fill some of the gaps which it thinks exist in the financial system and, as Sir Leslie puts it, to build a "bridge" between state ownership and private entrepreneurial activity.

Rescues

So far the NEB's activities have fallen into four main categories. One is to look after the companies which were bequeathed to it as a result of past government rescues. These include British Leyland, Rolls-Royce, Alfred Herbert and Ferranti, although the last-named is now capable of standing on its own. Secondly, the NEB has conducted some rescues of its own; its investment in the tanning industry is one example. Third, it sees itself, in the words of Sir Leslie's predecessor, Lord Ryder as "the action arm of the industrial strategy." It is prepared to help in restructuring certain sectors, or, as in computer software, in strengthening the position of British-owned companies in export markets. Fourth, and least expected, is the support for small companies; of 29 subsidiary and associate companies listed in the annual report, two-thirds employ less than 500 people.

The Tories must consider whether it is sensible for all these functions to be vested in a single organisation. In terms of assets and employment the NEB's portfolio is overwhelmingly dominated by British Leyland and Rolls-Royce. No doubt it is convenient for these two companies (especially Rolls-Royce) to have a sponsor and ally in their dealings with Government departments, but it is not obvious why they should be treated differently from, say, British Aerospace or British Shipbuilders, which are supervised by the Department of Industry. The Department still has to work closely with the NEB in relation to Leyland and Rolls-Royce; it has provided some of the funds for Leyland under Section 8 of the Industry Act, while decisions on new aero-engine programmes, because of their cost, inevitably involve the Government.

An agency outside the Government machine may be needed to negotiate a rescue operation, but it does not necessarily follow that that agency should become a giant holding company with a permanent responsibility for supervising the investment. Companies as large as Leyland and Rolls-Royce should be capable of handling their own relations with Whitehall without the need for an intermediary.

At the other end of the scale the Tories should take a sceptical look at the NEB's support for small firms. Given the NEB's "strictly commercial" investment policy, it is hard to believe that most of the small companies in which it has invested could not have obtained funds from private-sector institutions which specialise in this field. Sir Leslie points out that in some cases the NEB works closely with the Industry Department whose ability to give concessionary loans or grants, on top of NEB equity, constitutes "an attractive financial package" but the Department can presumably do this just as easily in association with equity finance provided from the private sector.

Guidelines

As for the rest of the NEB's activities, it seems likely that a Conservative government, even under Mrs. Thatcher, will from time to time wish to intervene directly in industry, whether for rescue or "strategic" purposes. Such intervention is probably better handled by an agency like the NEB than by a government department; it could, for example, take over whatever the Tories decide to keep of the Department of Industry's functions under the Industry Act. To abolish the NEB, only to recreate it later in another guise, as the Heath government did with the Industrial Reorganisation Corporation, would be absurd. With different guidelines and different powers, the NEB can be a useful instrument for any government, but it should not take on tasks which other bodies are better fitted to perform.

Rail investment problem

THE LATEST report of the British Railways Board contains encouraging news about the progress made in 1977 with some rather less encouraging warnings about the difficult problems still to be overcome in the medium-term future. First, the good news. The subsidiary operations all did well, especially the shipping division, which earned a record surplus. The loss on the freight and parcels business to be met by grant was cut from £27.5m. to £5.5m., considerably less than the limit set by the Government. The number of passengers carried rose, despite the recession and the drop in real incomes, and the compensation which the Government had to pay for the provision of socially desirable but commercially unviable operations was well below the figure originally agreed. All in all, the Board's operating surplus before interest rose from £13.7m. to £68.4m. It is a pity to have to add that the profit of £27m. shown in the accounts on a historical cost basis would be changed, on the basis of the Hyde guidelines, to a loss of £128m., mainly because of the need for additional depreciation provisions.

There are two problems with which the chairman, Mr. Peter Parker, is principally concerned in his commentary. The first is the future of the loss-making provincial lines, on some of which action is already urgently necessary.

Electrification

Mr. Parker points out that although the Railways Board has worked reasonably well with the Metropolitan Counties through the medium of the Passenger Transport Executives, it has not always been easy to reconcile their wishes with the Board's own planning arrangements. Despite the urgency of the provincial services problem, therefore, he is relieved that further discussion is to take place before deciding whether or not to strengthen the powers of the non-Metropolitan County Councils.

The second problem, and much the more serious, is that of future investment. In the long-term, an important aspect of this is the possible need for a great extension of electrification. The case for this rests partly on the fact that oil is likely to become steadily more expensive—and planning would have to begin now on an electrification programme to be completed around the turn of the century—and partly on other economic and social grounds. In the past, the Board has not been able to justify the heavy capital cost of further electrification on normal investment criteria. It is now preparing new estimates, however, which the Government has undertaken to consider; the Board itself believes that the prospects for "large extensions" to the electrified network are very good.

Replacement

There is, on the other hand, a serious medium-term investment problem to be faced. The new equipment installed in the late fifties is now rapidly approaching the end of its useful life, and official restraints on new investment spending have already led to considerable arrears of replacement. The chairman estimates that if the present Government-imposed ceiling on investment were to be lifted, the level of spending would have to rise by 30 per cent. during the 'eighties and be held at the higher level for several years: the earlier the replacement programme begins, of course, the easier it will be for the equipment manufacturers to handle. The Treasury, with its experience of past railway investment programmes, will approve of Mr. Parker's remark that "we might justify more investment if it were to generate more cash."

Crises of confidence on Rhodesia's battlefields

By MARTIN DICKSON, recently in Rhodesia

THE tragi-comic dismissal of Mr. Byron Hove from Rhodesia's new Transitional Government has already delivered a serious blow to the credibility of this body. If the alliance survives, an even tougher test is looming—its claim that it can wind down the guerilla war.

The most immediate task facing Mr. Ian Smith and the three domestic nationalist leaders who have joined him in government is to find some face-saving formula that will hold the alliance together following the sacking of Mr. Hove, Joint Minister of Justice and a member of Bishop Muzorewa's United African National Council.

The Bishop claims the three other members of the Executive Council, now Rhodesia's top governing body, acted unilaterally in dismissing Mr. Hove. The others deny this. But Bishop Muzorewa has threatened to withdraw the UANC from the Government unless Mr. Hove is reinstated.

Predicting the course of Rhodesian politics is fraught with dangers. Who would have imagined that the Executive Council would have blundered so badly over Mr. Hove at a time when it needs to muster all the international credibility it can? But the chances are that Bishop Muzorewa will stick with the Rhodesian internal settlement agreement signed on March 3.

With the guerilla armies of the Patriotic Front still posing a very serious threat to the internal settlement, the Bishop needs Mr. Smith as much as Mr. Smith needs him.

Assuming that the Salisbury Government does survive, its most urgent task will be to make good its call for a ceasefire, made in a statement this week. Contrary to expectations, the detailed terms for the ceasefire have not yet been made public.

The vagueness of the ceasefire call has already been criticised by Bishop Muzorewa's United African National Council. Although it will be a bitter pill for the whites to swallow, army officers as well as the black parties acknowledge that an amnesty is vital if the guerilla threat is to be reduced.

Even with an amnesty, it is impossible to say just how many of the 6,000 to 7,000 or more guerillas now unofficially estimated to be inside the country will respond. Most of them belong to Mr. Robert Mugabe's ZANLA army and it is from here that the Transitional Government is most likely to collect returnees. Many of these guerillas are thought to have left Rhodesia for training in the belief that they would be fighting for the Bishop, and some may still be loyal to him. Others may be tired of fighting when majority rule is so patently on the horizon, or disillusioned with internal feuding in Mr. Mugabe's party.

Two faces of the struggle against the Rhodesian guerillas: a black soldier undergoes heavy weapons training, while a white civilian farmer's wife keeps up her Sunday morning handgun practice in the north-eastern operational area.

However, there must be doubts whether this will significantly reduce the ZANLA presence inside Rhodesia. Mr. Mugabe has many more men waiting in the wings in Mozambique, and would no doubt want to use them to make up the loss of defectors.

Second army

Nor are there any signs that the amnesty will have much impact on the second guerilla army—Mr. Joshua Nkomo's ZIPRA. Mr. Nkomo is biding his time. He has committed far fewer soldiers to Rhodesia than Mr. Mugabe but he has a well-trained force in Zambia, estimated to be at least 8,000 strong and growing all the time. His army, recruited from among the Ndebele tribal group, has particular personal loyalty to him and will probably therefore be less subject to the divisive tendencies within Mr. Mugabe's army, which is drawn from a range of Shona tribal subgroups.

An amnesty, therefore, seems to have little chance of ending the war, which now affects most of Rhodesia in some way. It is often difficult outside Rhodesia to appreciate just how extensive the war is, partly because the Government's censors do not encourage reports liable to spread alarm and despondency among whites, partly because the guerillas operate mostly in the tribal trust lands, hidden from sight.

The position has changed dramatically since I was last travelling in the Rhodesian countryside three years ago. Then you could drive happily on all roads, except those in the far North-East. Now you can never feel entirely safe outside the towns. Then there were only about 50,000 Africans living in protected villages in the North-East; now there are estimated to be 500,000 in villages across the country and new villages have been built only in the past few months.

But to say that the war is geographically extensive is not to say that the guerillas are anywhere near victory. They are not. It can be argued that guerilla wars by their nature are rarely won or lost—that they are usually ended by political means or by becoming a more conventional battlefield struggle, as in Angola (and Mr. Nkomo's army appears to be trained for such an eventuality.)

I could not obtain a detailed overall picture of how the war is going. The Rhodesian Government said "no one had the time" to give me a military briefing. The impression left was of a reluctance to speak. However, I was allowed to visit a military base in the Chipinga area in the south east (accompanied by a government official armed with an FN rifle in case we were attacked) and, though not necessarily a reflection of conditions elsewhere, the military situation around Chipinga is instructive.

Lying close to the border with Mozambique, Chipinga is described as a relatively "hot" area—in getting there you are advised to travel in the daily, armed convoy. It is a transit area for guerillas passing through to the tribal trust lands around Fort Victoria, but there are estimated to be some 480 guerillas on the ground alone in the Chipinga military area, roughly 60 miles wide by 90 long.

Military sources say there has been a build-up in the number of ZANLA guerillas in the area in recent months (though less than expected) and that they are now sometimes moving around in larger bands, of up to 40 or 50 rather than 14 or 15 men. But they say these groups are poorly trained (often less effective than the smaller groups) and frequently seem to have no clear objectives. While some are highly dedicated, the morale of others is said to be low. The larger groups also have greater difficulty living off the land. The Rhodesian security forces are outnumbered by guerillas in a few areas (according to the local war manual there should be 10 combat soldiers in the field for every guerilla) but the military say the guerillas cannot control these areas because of their poor quality.

In some tribal areas, the guerillas have "subverted" the local population, who will now be prepared to help them, for instance by cutting telephone wires. But in other parts the tribespeople are said to be disillusioned with the guerillas, partly because their schools have had to close—up to January this year, the authorities said that 267 schools had been closed countrywide.

Despite their numbers, the guerillas may not be very effective, but there is at least one pocket in the Chipinga area—a tribal trust land—which the Rhodesian civil authorities are now reluctant to enter except under heavy military escort. "You won't catch me going there," said one local official. "It's no longer Rhodesia, it's already Zimbabwe," he added, only half jokingly.

Military service

If the guerilla war does not wind down, the Rhodesian Army seems certain to face serious morale problems as December 31 approaches, the day Mr. Smith is committed to the installation of a black Government of Zimbabwe. Already, across the country, from white political figures, local government officials and military officers, you hear mutterings that white Rhodesians will not be prepared to go out and risk death for a black Government. Although it seems that a fair number of white regulars would be prepared to fight on, as long as the black Government was stable, whites on call-up are already beginning to look forward to December 31 in the belief that military service will end then. If it does not, a substantial number are likely to quit Rhodesia. The battle would then become far more of a black versus black confrontation.

In a sense, this would merely be the logical military corollary to the political process that is already taking place. There can be no doubt that Rhodesia's movement to majority rule is now irreversible (though there have been disturbing hints that it might be administratively difficult to hold elections on schedule).

However, Mr. Smith is not merely a passive spectator to the current power struggle between the four rival black contenders for the leadership of Zimbabwe. He dominated the constitutional discussions leading to the internal agreement and it is hard to believe that he does not also dominate the Executive Council. It is widely believed that it was his pressure which led to the dismissal of Mr. Hove for refusing to take back the remarks that there will have to be positive discrimination in the police force in favour of blacks after independence, as well as changes in the judiciary.

Mr. Hove's remarks about the judiciary could be interpreted as a breach of the March 3 agreement, which specified that the present judges should have security of tenure, but it is self-evident that—come Zimbabwe—there will have to be black job advancement in the police force and in many other areas. But the reaction of many Rhodesian whites was that Mr. Hove had somehow been "cheeky". Old attitudes die hard. Over and over again, whites have been putting forward the same argument: if Hove is prepared to make such an outrageous statement now, what on earth will the blacks do when they assume office?

So Mr. Hove was slapped down. But what this move ignores is that it is not merely Mr. Smith who has to retain white confidence. As Mr. Hove was only too well aware, blacks too have to be convinced that the internal settlement is worth supporting—to be given signs that some of their inflated expectations over majority rule are going to be fulfilled. The Hove affair is bound to affect the black attitude to the internal settlement.

It will also affect the international credibility of the internal agreement, probably reinforcing the British and American view that there can be no question of recognising the pact, at least until it has been shown to gain the support of the majority of Rhodesians in free and fair elections. And it is hard to see how these can be held and be internationally accepted while the war continues. There might be an acceptable poll in the towns (although rising tribal tensions could lead to violence), or among African labourers on white farms and in the "protected villages" where at least 13 per cent. of rural blacks now live (although the world might disbelieve that elections in these villages could be fair). But staging elections in the tribal trust lands, where the majority of blacks still live and guerillas roam, would be a very difficult task.

Britain and the U.S. are still trying to get the various parties round the same conference table, but even if they succeed chances of agreement are very slim. The Rhodesians still hope that Mr. Nkomo might be detached from Mr. Mugabe and enticed back to Salisbury. There are thoughts of this too in London and Washington.

But the internal parties can only offer him an equal place at their table and elections which he seems unlikely to win. He may well feel—unless strong pressures can be exerted on him—that the chances of gaining power through the barrel of a gun are somewhat better.

Barring Mr. Nkomo's return, it is hard not to be pessimistic about Rhodesia. At present, whites are adopting a wait and see attitude, hoping for a good settlement but secretly fearing civil war. The hope is that reason will prevail and Zimbabwe will not be born in further bloodshed, but the history of Rhodesia since UDI shows that reason and brotherhood—on both black and white sides—are rare qualities in this part of the world.

MEN AND MATTERS

Jungle journey amazes Brazil

The 80-year-old multi-millionaire, Daniel Ludwig, whose intention to build a huge oil refinery at Nigg Bay, Scotland startled the oil world, is also astounding the Brazilians this week. They have watched two huge rafts—one carrying a fully-constructed pulp-processing plant, the other a thermo-electric power plant — being towed up the Amazon River. The rafts, each more than 700 feet long, are heading for Ludwig's remote Jari estate, which covers 9m. acres.

The plants and rafts were built in Japan, at a cost of $200m., and have been towed across the world to Brazil. In many ways the Jari scheme is as bewildering as the £220m. Scottish refinery, which many oil men say will have vast unwanted capacity. But the rarely-seen Ludwig can afford such ventures: his personal fortune is said to be £1.6bn.

Once the rafts reach their Brazilian destination—a specially-flooded area of the Mungaba River—the plants will be placed on sleepers. The area will be gradually drained until they come to rest on solid dry foundations.

But few people will see these pioneer factories in operation. Jari Enterprises, which include rice, cattle ranching, forestry, bauxite and china clay, are strictly off limits to the Press—whose efforts to paddle their way in or feign engine trouble in small aircraft have been blocked by Jari's armed guards. Any Jari employee who discusses the company's activities with the Press is liable to dismissal.

Having received full Brazilian Government benefits on the import of the pulp plant, Ludwig is committed to exporting a minimum of $616m. worth of pulp starting next year, when the plant goes into production. His china clay enterprise is being watched keenly by English China Clays, since he plans to export his "Amazon-88" clay in large quantities and fully supply the Brazilian market, where ECC would like to gain a foothold.

Art out yonder

Sir Robert Sainsbury has doubtless been listening carefully for student reactions as the summer term has begun at the University of East Anglia (UEA) in Norwich. The awe-inspiring Sainsbury Centre for Visual Arts, which houses his family's priceless art collection, was opened two weeks ago on the UEA campus. Sir Robert's great hope— that students will find inspiration from the works in the centre—is now to be fulfilled or dashed. First indications are not entirely promising.

The world's art critics have paid tribute to Sir Robert's generosity and his impeccable taste. But throughout the University, a controversy has erupted which raises serious questions about the design and setting of the centre, and threatens its usefulness for the student community.

The designer was Norman Foster, who also created the Pompidou Centre in Paris. Once again, he has conceived a staggering vision: it is a £3m. glass and aluminium shell, 130 metres long and 35 metres wide, which would perhaps look more at home at British Leyland's Longbridge plant. He has set this unique showpiece at the most remote corner of UEA's vast rural campus.

His logic is impeccable: UEA's Art faculties are at the front of the campus, with the Science faculties set behind. To put the centre at the campus entrance would have been to create an "arts ghetto," giving science students a cultural cold shoulder. By setting the centre beyond the Science faculties, Foster argues that he has created a second artistic centre of gravity. He believes that this will draw together students from all quarters of the campus.

In fact, the first complaints from students, as they have returned for this summer term, are that the centre is too distant from their "workplaces." But, at least, if the arts students find the journey too long, the scientists should find it easier to study the two cultures.

Old-style lender

Joe Skelton's job as chairman of the Finance Houses Association for the next two years may be rather quieter than the experience of his immediate predecessors in the aftermath of the City's fringe bank crisis.

He feels, however, that he has an important task ahead in standing up for the independent finance houses. Skelton, although only 48, belongs to the old school of the hire purchase industry: his company, Wagon Finance Corporation, stuck to its traditional function of consumer and industrial lending and avoided the risks of property investment which brought down bigger competitors.

This conservative approach has left his company as one of the few sizeable finance houses not linked with big banks. Skelton's predecessor at the FHA, Ronald Barnes, represented Lombard North Central, which is in the National Westminster camp.

Skelton insists that there is no conflict of views between the bank-owned and the independent companies. The industry is united on issues such as the relaxation of credit controls for buying cars, where the Government has dragged its heels for fear of encouraging Japanese imports.

He will, nonetheless, have a special case to make about the planned new legislation on the licensing of all deposit-taking institutions. The FHA thinks the distinction drawn between banks and others could inhibit the business of their members; they run a banking business without carrying the name of a bank.

Skelton argues that most never wanted to become banks in the first place, but having been forced by circumstances into getting the appropriate recognitions are now reluctant to give them up. His own group has a subsidiary optimistically called Bank of Europe; it will almost certainly have to abandon that name.

Kiss and tell

Only a country bumpkin would dare question, these days, the virtues of market research. So why criticise Wall's (the ice cream and meat pie people) for commissioning a survey to discover whether Londoners or Parisians are the more extrovert? Participants were asked whether they would eat ice cream in the street, wear shorts in the street, kiss on the mouth in public, or send back unsatisfactory food in restaurants. Take comfort: it was found that "the British attitude to kissing was reassuringly grown up."

Londoners also have fewer qualms about sending back poor meals. But they are none too keen to appear on the streets holding ice cream cornets; only half the adult Londoners interviewed said they would be prepared to eat an ice in public; in Paris the figure was nearly eight out of ten. On both sides of the Channel, wearing shorts in the street was considered simply not done. Upon such esoteric data are corporate fortunes based, no doubt.

Observer

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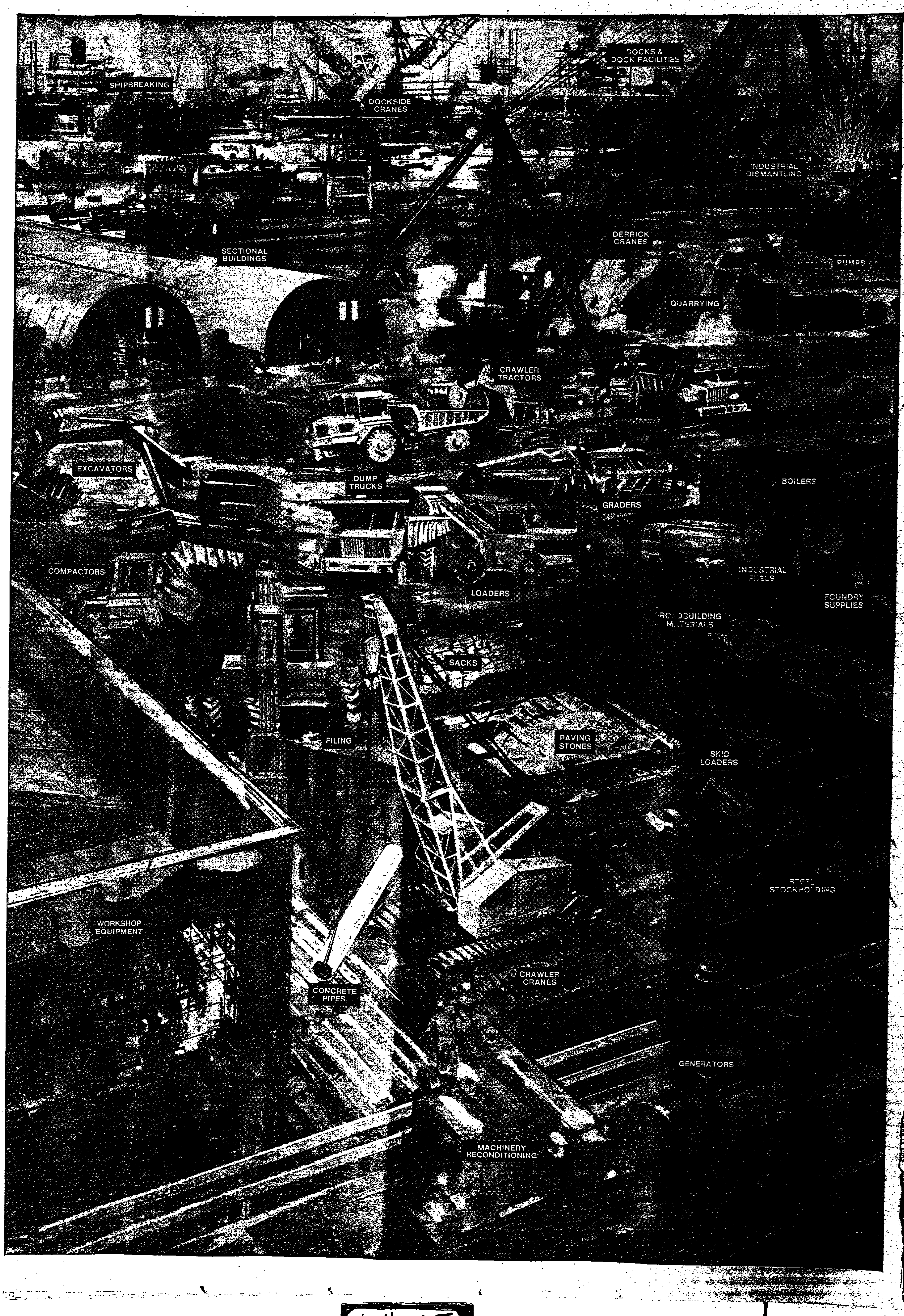
SHIPBREAKING
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CRAWLER TRACTORS
EXCAVATORS
DUMP TRUCKS
BOILERS
GRADERS
COMPACTORS
INDUSTRIAL FUELS
LOADERS
FOUNDRY SUPPLIES
ROADBUILDING MATERIALS
SACKS
PILING
PAVING STONES
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WORKSHOP EQUIPMENT
CRAWLER CRANES
CONCRETE PIPES
GENERATORS
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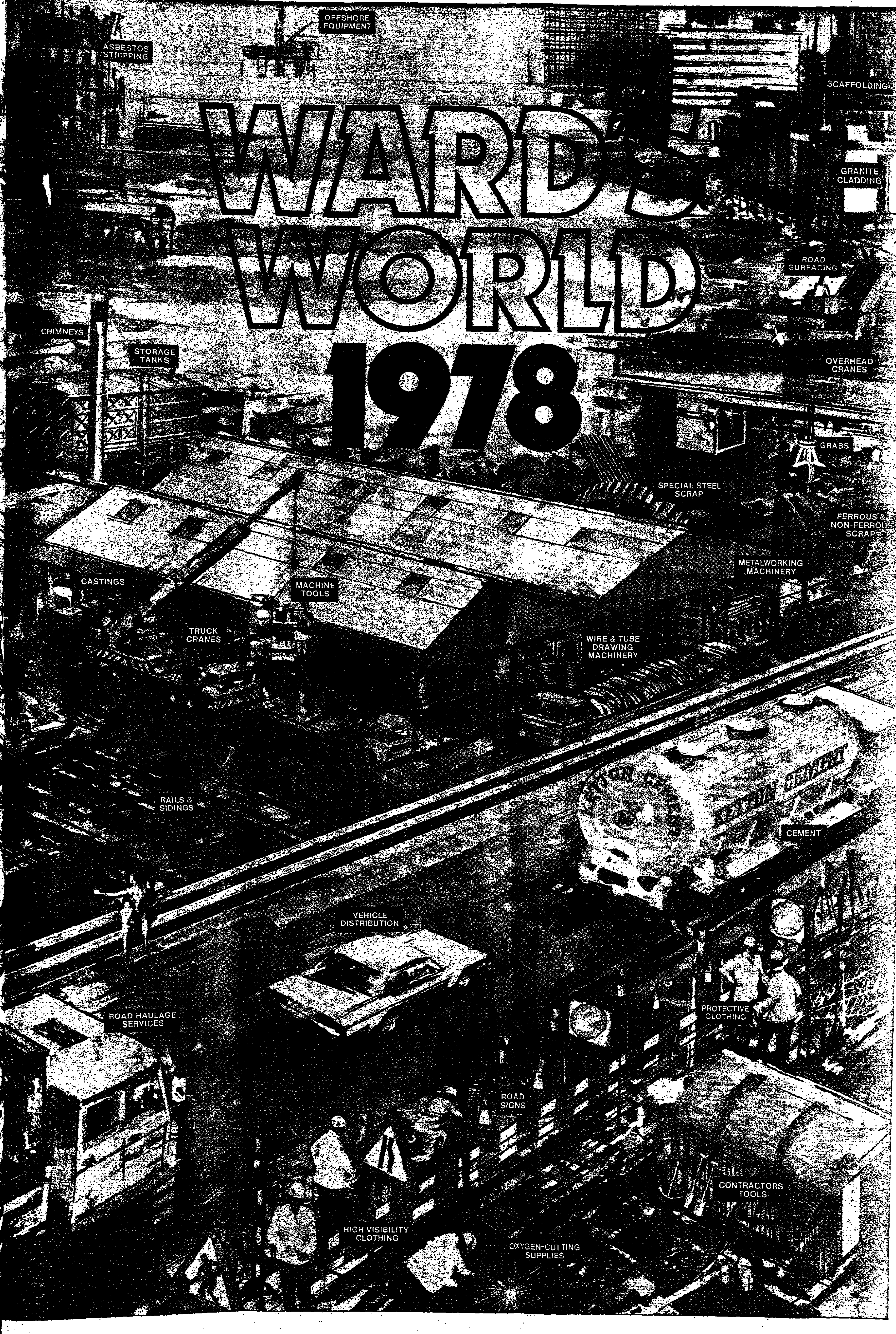
WARD'S WORLD
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SCAFFOLDING
GRANITE CLADDING
ROAD SURFACING
CHIMNEYS
STORAGE TANKS
OVERHEAD CRANES
GRABS
SPECIAL STEEL SCRAP
FERROUS & NON-FERROUS SCRAP
METALWORKING MACHINERY
CASTINGS
MACHINE TOOLS
TRUCK CRANES
WIRE & TUBE DRAWING MACHINERY
RAILS & SIDINGS
CEMENT
VEHICLE DISTRIBUTION
ROAD HAULAGE SERVICES
PROTECTIVE CLOTHING
ROAD SIGNS
CONTRACTORS TOOLS
HIGH VISIBILITY CLOTHING
OXYGEN-CUTTING SUPPLIES

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POLITICS TO-DAY

The Opposition blues

Ashey Ashwood

SOMETIMES there is a cry of pain even in the most common-place remark, and so it was last week. "I am absolutely delighted," said Mrs. Margaret Thatcher of the by-elections in Epsom and Wycombe, "by the results . . . I just wish the General Election would come a lot sooner than it is likely to."

Mrs. Thatcher can read the signs at least as well as anyone else. There is no guarantee that the election will come this year. Yet it is not just the frustration of being out of office that hurts, though there is that too. There is also the question of what is the Opposition to do in the next 12 or perhaps 18 months if the election really is so long delayed. It is very difficult to plan for a season that is suddenly extended whenever it seems that the end is near.

The Conservative Party under Mrs. Thatcher has been at least once—just before the Lib-Lab pact—on the brink of power. Even when Mr. David Steel and the Liberals came to the Government's support, it seemed that the rescue might prove short-lived. The Tories went to Blackpool for their conference last autumn believing that it could well be the last gathering of its kind before polling day. When it became clear that the Government could in all probability survive the present session, the betting was still on going to the country in October. Now it looks more like an annual conference trip to Brighton instead, and an election some time next year.

It is the more frustrating for Mrs. Thatcher because all the evidence suggests that had there been an election at any time, the Conservatives would have won. The opinion polls may go up and down, though they have rarely put the Government in the lead. But the more telling evidence from by-elections is that Mrs. Thatcher's party has been, and remains, sitting comfortably. The more conclusive the evidence, however, the more reluctant the Government becomes to chance its arm.

Establishment

There is also an oddity. The Tory Party is no longer the party of the Establishment. The barons—industry, the CBI, the City and, of course, the trades unions—are not on its side. At the very least they have grown used to supping with the devil they know, and they are nervous of change. *Mrs. Thatcher has to reach out* over the heads of the barons—to the retainers, for example, who may wear the trade union livery but who no longer want to vote Labour. It is a frankly populist approach: it continues to succeed; yet the Government remains in office.

Moreover, at least until recently, the Tories seemed to have paced the game well. *The Right Approach*, a broad statement of Conservative aims, was brought out for the 1976 conference and was widely applauded both for its content and for its style. *The Right Approach to the Economy*, subtitled Outline of an Economic Strategy for the Next Conservative Government, came out for the conference last year and likewise received a welcome that went beyond the bounds of the party faithful.

There was a period of quiet in the weeks before Christmas, but then a new burst of activity, including the remarks on immi*gration and the stress on law* and order, in the New Year. This is described now as an attempt to "upgrade the saliency" of those issues. That is, it was known that a majority of voters preferred the Tories' approach to both immigration and law and order, but at the same time only a minority regarded such issues as of prime importance. By stressing them, the party sought to gain a bit of extra support among non-traditional Tory voters. By and large, the attempt is judged to have succeeded, though perhaps at the price of losing some liberal sympathy.

Yet the question remains: what do the Conservatives do next if they are condemned to remain in opposition for another year or so? The answer is the more difficult in that some of the assumptions on which *The Right Approach* and its economic successor were founded have been overtaken by events, and a good many of the policies outlined have already been taken over by the Government.

There is a whole set of institutions, for example, which the Tories originally wished to do away with, but which have since become part of our way of life. *The Right Approach* states categorically: "The National Enterprise Board must be abolished." Yet by now the NEB's tentacles reach deep enough into British industry for abolition to be out of the question. The point was acknowledged in last month's House of Commons debate on financial assistance to British Leyland. For Sir Keith Joseph, the Conservative industry spokesman, the NEB had become "a final financial standby in rare cases." *He was echoed by Mr. James* Prior, the employment spokesman: "The Opposition attitude to the NEB is that we believe that there is a case for some form of casualty clearing station." Of course, the powers would be curbed. The NEB would no longer invest in profitable industry, but that still falls well short of abolition.

Then there is British Leyland itself. It is true that the Conservative Party never promised to dismantle it, or sell off its parts, lock, stock and barrel. But they were sceptical about the Ryder Plan. Now Lord Ryder has gone, and his plan has gone with him. The Government has put in Mr. Michael Edwardes, a friend of Sir Keith's and everybody's hope. Indeed there is such a remarkable consensus that Mr. Edwardes is the right, if not the only man for the job that it is surprising that no-one had thought of him before.

Disciplines

Not least, there are the British National Oil Corporation, British Shipbuilders and British Aerospace. *The Right Approach* said of the BNOC that its financial privileges ought to be removed "so that it is required from the first to conform to normal commercial disciplines and, where appropriate, to dispose of its assets to willing buyers at reasonable prices." By now, however, the Corporation is so enmeshed in the economy that such a procedure could not easily be considered practical, and may no longer be considered desirable.

The nationalised shipbuilding and aerospace concerns had not then been set up, but *The Right Approach promised that if they* were, a Tory Government would sell off as many as possible of their interests to the private sector. Yet, in the changed international circumstances of today, that might be much more difficult than was then supposed. It is quite possible, for instance, that it is the very size of British Aerospace that makes it an attractive potential partner to the Boeing Comany in the U.S. and Airbus Industrie in Europe. And if a major long-term collaboration agreement were reached with either of those concerns, would a Tory Government really wish to complicate matters by splitting up the British parts?

International

As for shipbuilding, it is much easier for the Government to play a part in international negotiations (say on reducing worldwide capacity) if it can treat the British industry as a whole rather than as a string of private companies. Indeed in the European Community the trend seems to be towards cartels. That is not easy to reconcile with a Conservative preference for breaking up the big public enterprises. The international implications need to be reconsidered in a way that was not possible at the time of *The Right Approach*.

All that can be revised, of course, and brought up to date. There are other areas, however, where the Government has simply stolen the Tories' clothes. The Conservatives promised to cut public expenditure, but many of their ideas—cash limits, the reduction of subsidies, the setting of monetary targets—have already been *adopted by the Government.* Perhaps that was largely a result of the discipline imposed by the IMF. Give Mr. Callaghan another year or so, and the Government will be back to its bad old ways. But meanwhile the Tories have a problem: their most vulnerable point is that they have been unable to say so far where they will make the cuts. Indeed they are doubly vulnerable because they have also promised certain increases: for example, on defence and law and order.

A great deal of work on public expenditure cuts is being done at present, though it is proving exceedingly difficult. Apart from the proposed increases in spending, the party is having to recognise that *there are some sectors such as* education, health and the social services, roads and transport where cuts are scarcely possible. It has also come up against the question of whether it is promising an absolute cut, or a cut as a percentage of Gross Domestic Product. If it is the latter, what should the size of the GDP be assumed to be? What is the likely economic *growth rate and what is the wage factor—a key element in* public costs? What about interest rates? It is unclear when this work will see the light of day and in what form.

Yet the most striking case of Tory thinking being taken over by the Government concerns incomes policy. There is no significant difference between the approach to Phase Four now being propounded by Mr. Callaghan and that to incomes policy in general outlined in *The Right Approach to the Economy.* The Tory document calls for collective bargaining that is "free but responsible": so, now, does the Prime Minister, and so do some trade union leaders. It acknowledges that a government, as a major direct and indirect employer, cannot remove itself from the pay-bargaining arena: a government must also come to some conclusion about the likely scope for pay increases and pass on its estimate to employers and unions. That is almost exactly what is now being said by Mr. Callaghan, and he, like the Tories, seems to be presenting it not just as an approach for one year, but as a permanent incomes policy.

Again, the Tories are in a dilemma. They can hardly say that a policy recommended by them and now adopted by the Government will not work. But if it does work, the Government may yet take the credit.

Mainstream

So what should the Opposition do in the meantime? One theory is that having picked up all that decently can be from issues like immigration and law and order, the party should return to the mainstream. Mrs. Thatcher, or perhaps Mrs. Thatcher and some *senior Shadow Ministers, should* make a series of major speeches on all those subjects with which the Prime Minister seems to preoccupy himself: the dollar, the threat of protectionism, the need for a new reserve asset, the transfer of technology and the North-South dialogue. The Conservatives, after all, have become a little short on *weltanschauung*, especially of the economic variety, though Mr. John Davies in the Shadow Cabinet, and one or two others outside, can make a pretty good shot at it.

Other theories abound. Mrs. Thatcher, for instance, should bend her ear to those senior and younger Conservatives who increasingly favour constitutional reform. It is also said she should reshuffle her team. Alternatively, she can afford to sit back and wait. The by-election results have been sufficiently encouraging for sufficiently long to indicate that she will win even if the election is postponed until October next year. The one really pressing problem is to fill out the promised cuts in public expenditure, but even that could be put off if the election is so far away.

As for the audacity of the Government staying on and on, despite the evidence that the country would vote it out immediately it were given the chance, the nearest precedent is a Tory one. Sir Alec Douglas-Home *went on until October 1964.* In the end he nearly won.

Malcolm Rutherford.

Letters to the Editor

...iddle East deadlock

...om the Archdeacon of Oxford.

Sir,—Your second leader of ...y 3 prompts some comments ...m one who has links with ...: area stretching back 35 years ...d who has recently returned ...m a six weeks' stay in Jeru...em over Easter.

...n common with many other ...tish newspapers you speak of ...esident Sadat's initiative of ...: November without, it seems ...me, giving credit to Prime ...nister Begin, without whose ...itation and meticulous secu... arrangements the Jerusalem ...t, still memorable, would not ...e taken place.

...urely all peace loving folk ...atly hope that negotiations ...ween Egypt and Israel will be ...umed without too much more ...ay. Both sides may have to ...onstrate greater flexibility, ... a just and durable peace ...lement is to be achieved. ...he super-powers have a role ... play, but in the event it is ...el and her Arab neighbours, ... must come to terms and ...p the peace when arranged ... agreed by all. Let us hope ... it will not be too long ...ore other Arab States will be ...uaded to support the Begin...at initiative, so that there ... be conditions congenial to ... development of the great ...ntial for progress in the ...le of civilisation.

...Vitton-Davies.
...st Church,
...rd.

...loves towards ...eace

...a Mr. T. Prittie.

...— You write (May 3) that ...ations between Washington ... Jerusalem are badly ...ned." On the contrary, there ...ars to have been a very ...ite improvement in rela... between the U.S. and Israel ...g the past week. Differences ... moves towards peace have ...wed, according to authori...e reports coming from Wash...n.

... the second place, you sug... that "The main task for ...Americans must be to per... Israel to offer more" — ... the West Bank. Here is a ...mental misunderstanding; ...iture of the West Bank can... be settled by Israel and ...t, for the area lies between ...l and Jordan.

...sident Sadat has stated his ... about the West Bank. They ...erfectly understandable, in ... Egypt — as the leading ...ry of the Arab world — ... impelled to demand the ...on of a fully fledged Pales... Arab State. Failure to ...is would lead to President ... being denounced as a ...r to the Arab cause.

...Israel's Prime Minister has ... his views, too, and they ...qually understandable. He ...proposed "autonomy" for ...alestinian Arabs. The Ox... Dictionary defines this word ...eaning "self-government" ..."personal freedom." Mr. ... has asked for the reten...n the area of a limited ... military presence, over a ...d period of time — with ...ew of the situation in five ... time. Here is material ...egotiation and progress to... peace, but this will only ...hieved when Jordan enters ...the same kind of bilateral ...lation with Israel as Egypt ...lready undertaken.

...uggest that British papers ...stead of criticising either ... or Egypt or both — should ...ly and persistently encourage the expansion of peace talks, bringing in first Jordan and then, hopefully, Lebanon and Syria. Peace in the Middle East cannot be achieved by Egypt and Israel alone.

Terence Prittie.
Britain and Israel,
11, Rodmarton Street, W.1.

Industry in Ireland

From the Manager,
Information Division,
Industrial Development Authority, Ireland

Sir,—Your Irish correspondent's article (April 25) on strikes in Ireland presents a misleading picture of the effects of the telecommunications and transportation strikes on industry in Ireland and of their impact on the Industrial Development Authority's industrial development programme. The article exaggerates the impact of the disputes and is in a number of respects contradictory. The article also puts a disproportionate emphasis on industrial relations as a factor in the attraction of overseas investment and ignores all the other factors which continue to make Ireland an attractive location for overseas investment.

For example, your correspondent says in the article that, despite the strike of clerical *workers, the management of the* national airlines has maintained about 70 per cent. of normal Aer Lingus flights. On this basis it is difficult to understand how you can state in the same article that the strike has crippled Aer Lingus flights for six weeks. Other international operators have also been able to maintain their scheduled flights uninterrupted by the strike.

The article is similarly contradictory in relation to the telecommunications dispute. The telephone and telex services of some industrialists have undoubtedly been seriously disrupted. There are, however, a great number of industrialists and others whose communications have been maintained during the dispute. Your correspondent accepts that, in the Dublin area, communications have been erratic rather than blacked out and he subsequently assessed the strikes as irritations that people could live with rather than crises. This could not possibly form the basis for a statement that "Irish industry was dismayed to find itself literally cut off from the outside world." Your correspondent also appears to be unaware of the acceptance by both trade unions and management of the 1978 national wage agreement which provides for procedures including provision for a cooling off period which must be followed by trade unions before embarking on industrial action.

The IDA wishes to emphasise that it is fully conscious of the difficulties created for industry by the strikes. At a very early stage of the disputes we issued statements to the Press drawing attention to the loss of business which would result from their continuance. We continue to *stress our* view that the strikes are hindering the national job creation effort. This must be obvious to all sections of the community. But this is very far from from your correspondent's suggestion that the disputes have created a state of crisis in industry. The implication in the heading and text of the article that a fear of industrial anarchy exists grossly exaggerates the situation.

It is *significant* that U.K. and U.S. companies in Ireland have generally lost fewer man-days per 1,000 workers from industrial action than manufacturing industry in their own countries. It is, therefore, a complete misstatement to say that the telecommunications and airlines disputes have radically affected Ireland's credibility as a location for overseas industry.

Last year the Irish economy expanded at a rate which was twice as great as the average for the EEC and this expansion is expected to accelerate this year. Concurrently with this expansion, the rate of inflation in Ireland has been declining rapidly and is now at an annual level of 8.2 per cent. The inflation rate for 1978 is expected to be under 7 per cent. In the IDA's view a re-emergence of the inflationary trends of two years ago would be a far greater threat to Ireland's industrial development than the temporary problems which arise from time to time in industrial relations.

P. J. Long,
IDA Ireland.
Lansdowne House,
Dublin 4.

The house market

From Mr. A. Donovan

Sir,—Recently your correspondents have pointed out that new houses only represent a small proportion of house sales—some 15-20 per cent. is suggested.

The residue of market transactions is made up with sales of existing houses, mostly by vendors who are buying or seek*ing to buy another property.* A major cause of recent "problems" in the residential property market has been a change in attitude by many of these prospective vendors who decline to put their properties on the market until they have bought another property. The supply of available houses for the time being has almost dried up—and the shortfall cannot be made good by builders because of the time lag in acquiring and developing land.

Although there are areas where special circumstances apply, overall there is not a shortage of houses and flats. Later this year we are likely to return to a situation where the number of second-hand houses coming on to the market increases sufficiently to cut out the present "panic" buying and to deter those moving house from speculating by holding their existing *house* off the *market in* anticipation of a further increase in value.

We will then arrive at a situation where the majority of those contemplating moving will not look at any property until there is some interest in their existing house and this will lead to stagnation in the residential property market.

A. F. Donovan.
31, Stanhope Road,
Croydon, Surrey.

Mortgages in cities

From Mr. J. Pettifer.

Sir,—It may be that Antony Harris (May 2) is content to dream of a Utopian world in which everybody has a "cottage with an acre," financed by *benevolent building society* officials, but the rest of us have to live with the actual lending policies of these organisations in the real world, in my case an average, mixed area of inner North London.

Whatever abstract arguments Mr. Harris may put forward in favour of the societies effect on the economy (of which I do not claim to be a judge), there is little doubt in my mind about the effect of the societies on large areas of London. Many people have found great difficulty in housing transactions as a result of narrow minded social prejudice on the part of surveyors and branch managers. This was typified in the case of a friend who was refused a house mortgage because the area was "subject to vandalism." This sort of snobbery (for that is really what it is) is justified by recourse to arguments about the need to preserve "security of investors funds."

J. M. Pettifer.
11, Freegrove Road, N.7.

Nothing to rent

From Mr. N. Bilitch

Sir,—In the current debate on land and house prices, a very important point has been overlooked. The various rent Acts, which go back to World War I, have progressively dried up what used to be an enormous source of accommodation — houses and flats for rent. This sector has now been reduced to two sources, the luxury furnished house (or flat) and the council house (or flat). The former is for the wealthy, the latter for the new industrial serfs—the council tenant who, in exchange for patronising the Labour Party, is given a subsidised home at the expense of everyone else. What is more, the cost of erecting these socialist barracks is such that it has, in the past, attracted a substantial proportion of the nation's construction industry.

The prospect for the homeless is bleak; so much so, that it has obliged local authorities to house the homeless in hotels. For those without a home, the alternative is to buy your own home or demand that the tax payers house you at artificially depressed rents.

A free market in land will only work when the above abuses have been abandoned, the rates and taxation system *having been subject to* fundamental fiscal reform.

N. A. Bilitch,
6 Rusholme Road,
Putney, S.W.15

Accountancy in industry

From Mr. R. Bullard.

Sir,—I would refer to the article by Michael Lafferty, entitled "*Looking to efficient* financial control" (April 27), wherein he comments that the one person who can solve the nasty problems associated with business financial control is the friendly local chartered accountant.

While applauding the advice, I feel that, save for the incredibly small business unit, surely the needs of business are better served by a full-time accounting member, trained by industry to the needs of industry. Full-time involvement is essential, because the ever-changing business environment requires constant and immediate interpretation of results, systems modification and installation, and speedy assessment of opportunities and vulnerabilities, while maintaining overall financial control.

The person, in addition to having the necessary traditional accounting skills, would have had grass roots business appreciation through considerable exposure to the industrial environment and having been actually involved in such areas as personnel, marketing and production. Such accountants, experienced and versed in the needs of business, can only but assist employer and employee morale and are surely to be *found in the ranks of the indus*trial trained accountants.

R. J. Bullard.
Laburnum, Old Salisbury Road,
Abbotts Ann, Nr. Andover,
Hants.

To-day's Events

Chinese trade delegation led by Mr. Ku Ming, Vice-Minister at the State Planning Commission, arrives in London for three weeks of talks with Government officials and industrial management.

Mr. Leonid Brezhnev, Soviet President, continues visit to West Germany.

King Juan Carlos and Queen Sofia of Spain end three-day official visit to Lisbon with ratification of ten-year treaty of friendship and co-operation with Portugal.

Sir Geoffrey Howe, Shadow Chancellor of the Exchequer, speaks at West Midlands Conservative Association tax seminar, Swan Hotel, Yardley, Birmingham.

Building workers' union leaders meet to consider their attitude to a pay deal.

British Leyland shop stewards' combine meet on impending closure of company's Speke, Merseyside, plant.

Inter-union talks resume in effort to end pay strike of clerical workers at Shell oil terminals.

Amalgamated Union of Engineering Workers' engineering section conference ends, Worthing.

Mr. Edward Heath MP gives Federal Trust for Education and Research lecture—"A World of our Making"—at Royal Society of Arts, John Adam Street, W.C.2.

London Chamber of Commerce trade mission in Algeria until May 11.

Sir Peter Vanneck, Lord Mayor of London, attends Farriers' Company dinner, Mansion House, E.C.4.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

House of Lords: Solomon Islands Bill, committee. Protection of Children Bill, second reading. Medical Bill, consideration of Commons amendments. Debate on Community Land Act.

COMPANY MEETINGS

Alliance Trust, Dundee, 11.30. Church, Northampton, 12. Clifford (Charles), Stourbridge, 4. Desoutter, Hendon Hall Hotel, N., 12. Montagu Boston Investment Trust, Winchester House, E.C., 12. New London Properties, Dorchester Hotel, W., 12.30. Pye Holdings, Hyde Park Hotel, S.W., 12. Ransomes Sims and Jefferies, Ipswich, 3.

OPERA

English National Opera in final performance of Carmen, Coliseum Theatre, W.C.2, 7 p.m.

MUSIC

Prince of Wales attends Elgar Foundation concert, Royal Albert Hall, S.W.7, 7.30 p.m. The Royal Philharmonic Orchestra is conducted by Sir Charles Groves and Donald Hunt.

COMPANY NEWS+COMMENT

Troubled Serck off £1.54m. at halfway

HIT BY a sharp profit fall in valves and heat transfer, the two main activities of the group, pre-tax profits of Serck declined from £4.4m. to £2.86m. in the six months to March 31, 1978, despite a sales rise from £38.1m. to £44m. However, the directors say they expect the second-half results to show an improvement over those now reported. For the last full year profits totalled £9.32m.

Low world-wide demand caused a sales volume reduction in the valve companies during the first half and this together with increased costs led to pressure on margins. Demand was good in heat transfer but the effect of industrial disruption in the first quarter was substantial and operating costs were greatly increased.

The outlook for the rest of the year suggests that although the valve companies are unlikely to do well in a market which seems certain to remain depressed, some of the first quarter's lost output in heat transfer will be recovered and a better performance is probable. The group's other companies traded satisfactorily in the first six months and should also have an improved second half.

Earnings per 25p share are shown at 6.8p (11.4p). The net interim dividend is raised from 2p to 2.2p—last year's final payment being 3.94p.

Profit was struck after higher interest of £410,000, against £90,000. Tax took £1.31m. (£2.19m.).

● comment

Industrial strife, a drop in overseas demand, the cost of the capital expenditure programme and last year's massive stock build up combined to end Serck's sequence of record profits. The second half profit will be only slightly better than the first half result giving a total well below last year's pre-tax £9.3m. The industrial strife took the edge off the heat transfer division while the drop in overseas demand caused a sharp reduction in earnings from the valve operations. Last year the overseas sector contributed 40 per cent. of total sales and 52 per cent. of profits. Increased competition and a strengthening pound have squeezed margins in this sector in the current year.

The interest bill in the first half reflected the lift in borrowings required to finance the capital expenditure programme and the excessive stocks. Borrowings will continue to grow to around 35 per cent. of shareholders' funds by year end. The stock accumulation policy was reversed in January and stocks should start to fall from the middle of next month. The share price dropped 2½p to 85p. The annualised earning rate of 6.8p a share gives a relatively high p/e of 12.5 but the gross yield (assuming maximum annual dividend increase) is 11.9 per cent.

CAPITAL CRAY

The offer by Capital For Industry for Cray Electronics has been accepted in respect of 1,245,847 shares. Shares owned by DFI and acceptances total 7.29m. (72.8 per cent.) and the offer has closed.

INDEX TO COMPANY HIGHLIGHTS

Feedex falls to £821,000

DESPITE A recovery in second half earnings from £476,000 to £505,000, pre-tax profit of Feedex ended 1977 down from £927,000 to £821,000. Turnover for the year jumped from £15.28m. to £20.65m.

After tax of £263,000 (£367,000), net profit was almost unchanged at £558,000 against £560,000.

A final dividend 0.79p net per 10p share takes the total from 1.235p to a maximum permitted 1.375p. 1976 results have been adjusted for ED 19.

Directors say the second half improvement was due to a restoration of feed milling margins, the continuing success of the engineering division and improvements in profits on the pig breeding and marketing operation.

In line with its policy of expansion Feedex has recently completed the purchase of the Green Hammerton Chick Hatcheries, near York; and the outstanding minority interest in its engineering subsidiary, Rowlands Engineers.

Extra time adds little to Bamfords

FOR THE 15 months to the end of 1977 Bamfords, manufacturer of agricultural machinery, fencing materials and grey iron castings, shows taxable earnings of £976,360 on sales of £19.75m.

Because of a change of year end the extended accounting period took in an additional low volume sales quarter and as anticipated the final three months only added some £26,000 to the 12-month profit, reported in December up from £0.76m. to a record £0.95m.

Home market sales increased substantially but exports were affected by adverse weather and economic conditions overseas and by rapid currency exchange fluctuations. Nevertheless export sales again represented 50 per cent. of production.

Sales for the first quarter of the current year show an increase but the forward order position has weakened and an increase in demand by farmers at home and abroad will be necessary to achieve growth in 1978, the directors say.

Tax took £130,700 (£28,937) and earnings per 20p share emerged at 12.87p (14.18p) on capital increased by the March, 1977, rights issue. A net final of 0.44p takes the total for the period to 2.2p (0.88p).

The company has adopted ED 19 in its treatment of deferred tax and the comparative figures have been adjusted.

Porter Chadburn at £1.28m.

MAINTAINED TAXABLE earnings of £715,411 against £722,633, in the second half left Porter Chadburn with fulltime profit marginally ahead from £1,130,233 to £1,277,111 for the year to January 5, 1978. Sales were up £1.89m. at £12.95m.

In November the directors said that the increase in profit for the first six months, to £561,700 (£407,600), was largely attributable to the brewery equipment and plastics divisions. They anticipated better performance in the second half but warned that the interruption of essential supplies and services might affect earnings.

After tax of £587,322 (£577,042) earnings per 20p share for the year advanced to 21.2p compared with 16.98p. A net final dividend of 3.81876p lifts the total to a maximum permitted 5.27076p (4.7716p).

Profit for the previous year included £87,000 regional employment premium which was not payable for 1977-78.

The rights and equipment for production of PoLadaire refrigeration equipment were purchased from General Motors during the year and manufacture of the units are now in full swing at Robinsons and Porter Lancastrian. Mr. D. C. Bamford, the chairman reports.

Investment in the Shepherds spares division of Chadburn Bloctube resulted in a considerable expansion of the diesel spares service, while marine interests held up despite the world-wide recession in shipbuilding and new and improved telegraphs were introduced with success.

Clayton has extended its crane repair and servicing operations and Senar continued to increase its contribution to group profits but the group's surveying equipment division still suffered from the effects of a very depressed contracting and building industry.

Production was interrupted in the latter part of the year by industrial action, both external and internal, Mr. Bamford adds.

Downturn at Aberdeen Construct.

AFTER A slight decline from £1.86m. to £1.77m. at halfway, pre-tax profit of Aberdeen Construction Group ended 1977 down from £4.53m. to £3.95m. on turnover ahead from £49.63m. to £57.02m.

The result includes regional development grants of £153,494 (£282,672) and a £144,513 credit (£11,407 debit) for finance charges.

It is also subject to tax of £1.5m. (£2.06m.) and minority interests of £634,000 (£711,000).

Earnings per 25p share are shown little changed at 22.16p, against 22.38p, and a final dividend of 2.82p takes the total to 4.607p (4.125p) net per share.

● comment

In spite of the spin-offs from North Sea oil, Aberdeen Construction is now feeling the full impact of the building recession. Full year profits are 13 per cent. lower and reflect the company's failure to increase its workload at a time when margins are under pressure (down more than two points). Competition has been fiercest in the building division (around 50 per cent. of profits in 1976) where profits are substantially down on the previous year. In the civil engineering division sales were a third higher but profits were barely ahead. A similar pattern is evident in the concrete and extractive division. Meanwhile, the company is going ahead with the 300,000 square foot office complex in Aberdeen, which will eventually cost at least £8m., in spite of news that Occidental has decided not to become a future tenant. At 85p, the shares are on a p/e of 3.7 and yield 8.5 per cent.

United Wire decline

AS FOREWARNED at the end of the last full year, United Wire Group encountered a continued lower level of demand for its traditional wire and paper trade products in the six months to April 1, 1978. This resulted in turnover some 6 per cent. lower at £6.02m. and a fall in taxable profit from £936,000 to £642,000.

Present indications are that second-half results will be marginally better than those now reported, say the directors. For the last full year profit turned in at £1.89m.; from which a 2.89p final dividend was paid.

This year's interim is lifted from 1.8p to 2p net to reduce disparity. Half-year earnings are given at 4.1p (5.4p).

After tax of £311,000 (£499,000) and an extraordinary debit this time of £57,000 the attributable balance comes through at £273,000 (£436,000).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Construction ...	2.82	July 2	2.53	4.61	4.13
Altifund ...	5.3	July 14	5.2	8.3	7.2
Bamfords ...	0.44**	June 23	0.88	2.2**	0.88
British Sugar ...int.	1.65	July 3	1.3§	—	4.75§
Dares Estates ...	0.5	Sept. 1	—	0.5	—
J. A. Devenish ...int.	2.13	July 14	2	—	5.9
Dualvest ...	2.28	May 31	2.02	4.64	4.12
Feedex ...	0.79	July 7	0.72	1.38	1.24
Fundinvest ...int.	1.04	May 31	0.98	—	2.4
Guardian Inv. Co. ...	1.95	July 7	1.6	2.7	2.35
T. C. Harrison ...	2.75	July 4	2.46	4.1	3.7
London & Prov. Shop int.	0.33‖	July 1	0.3	—	0.74
Maxim's ...	5	—	4.5	5	4.5
Mettoy ...	1.07‡	—	0.95	2.12	1.9
Mothercare ...	1.9	July 3	1.73*	2.92	2.64*
National & Com. Bk. int.	1.38	July 3	1.25	—	2.63
Peachey Property ...int.	1	June 20	nil	—	0.99
Porter Chadburn ...	3.82	July 4	3.42	5.27	4.77
Save & Prspr. Lkd. sec.int.	5.19	June 1	4.81	10.83	9.97
Scott's Restaurant ...	1.93	July 10	1.73	1.93	1.73
Sears Hldgs. ...	2.58	—	2.31	2.58	2.31
Serck ...int.	2.2	Aug. 7	2	—	5.94
W. A. Tyzack ...int.	0.36	—	0.36	—	1.27
U.D.S. Group ...	3	Aug. 2	2.7	5.1	4.8
United Wire ...int.	2†	July 3	1.8	—	4.69
Wemyss ...int.	5	July 3	4	—	10.75
George Wills ...	0.73	—	0.64	1.55	1.39

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.0146p in respect of 1976. § Adjusted for scrip and share split. ‖ To reduce disparity with final. ‖ 0.480601p final expected. ** For 15 months on capital increased by rights.

Mettoy better at £2.8m. and still going strong

INCLUDING a share of associates' profits up from £27,000 to £196,000, Mettoy, toy maker, reports taxable earnings for 1977 ahead to a record £2.82m., against £2.4m., on sales £3.66m. better at £27.49m.

At halftime, when the surplus was up at £1.25m. (£1.13m.), Mr. A. Katz, the chairman, said that demand remained buoyant but margins, particularly in exports, were being affected by the strength of sterling.

Mr. Katz now says that current orders and despatches are substantially higher than last year and he is confident that, subject to unforeseen circumstances, 1978 will create new records in sales and profits.

Stated earnings per 25p were 14.7p (11.7p) and the net total dividend is stepped up to a maximum permitted 2.122p (1.9p) and an additional 0.0146p is to be paid in respect of 1976 following the charge in tax rate.

Exports were better at £11.37m. (£10.05m.) but the chairman says that price increases arising from inflation are being strongly resisted by buyers abroad and even more strenuous efforts will be required to reduce costs to improve profitability.

Liquidity at year end was down £404,000 (up £1.06m.) with bank advances amounting to £1.38m. (£1.96m.) and bank balances lower at £205,000 (£1.19m.).

On a current cost basis on the Hyde Guidelines profit is reduced to £2.3m. after extra depreciation of £144,000 and cost of sales of £372,000 but before an after-tax gearing adjustment of £93,000.

The decision to invest in the company's French distributors has brought immediate success with both increased sales and profits fully up to expectations. The current year should see further developments in this area, Mr. Katz says.

To widen the company's range of toys for girls it has signed a contract with Knickerboker Toy Company to act as their exclusive U.K. distributors for soft toys. The group also plans to enter the crafts products areas during 1978.

As known agreement was reached with Rosedale Mouldings recently to take over that company's toy interest and Mettoy has purchased all tools, moulds and trade names involved. The directors intend to develop this line of products which will strengthen the company's position as suppliers to the wholesale cash and carry trade, Mr. Katz says.

The company has adopted ED 19 in its treatment of deferred tax and the Inland Revenue has agreed to a proportion of exchange losses realised on repayment of foreign currency borrowing to be allowed as a charge in computing tax liabilities.

● comment

Most toy companies suffered from destocking by retailers prior to Christmas, so Mettoy's results—coming after Berwick Timpo's 31 per cent. downturn in the second half — are surprisingly good. Second half profits are a fifth higher, giving a full year increase of 16 per cent. Almost half the annual profits rise has come from associates, bolstered by the acquisition of a substantial interest in Fair Play (Mettoy's French distributor). The balance comes from a good exports performance (up 14 per cent. in spite of a stronger pound and poor trading in Canada), and a small pickup at home. The rump of the business, Corgi diecast models (50 per cent. of sales) and Wembley Playballs, continues to do well, especially in Europe. However, the new Busybodies range of semi-articulated figures, previously imported from W. Germany and now being manufactured in Swansea, have proved to be a disappointment, in spite of being redesigned for the British market. Other recent product changes should help to boost market share. The shares rose 2p to 47p for a p/e of 3.1 on a low tax charge while the yield is seven per cent.

Wemyss forecasts £0.27m.

AFTER TAX of £121,000 against £105,000 profit of Wemyss Investment Company is estimated at £270,000 against £249,000 for the year to September 30, 1978.

Revenue is expected to grow from £463,000 to £504,000, and earnings per £1 share to 12p (11.06p).

An interim dividend of 5p (4p) to reduce disparity has been declared. Last year the total was 10.75p.

Saml. Osborn unchanged

Special steels and toolmakers, Samuel Osborn, in which Aurora Holdings has recently built up a strategic 29.99 per cent. stake, yesterday announced a static trading performance for the first six months of the current year to March 24.

Sales were virtually unchanged over the comparable period at £18.42m., against £18.2m. Pre-tax profits, however, after a rise in depreciation charges from £335,000 to £425,000, dropped by £300,000 to just over £1m. despite a reduction in interest charges from £528,000 to £387,000.

Below the line net loss on translation of overseas currencies deepened from £183,000 to £381,000, leaving a net attributable loss of £102,000, compared with a £374,000 profit.

Presenting the figures yesterday, Mr. Bernard Cotton, the chairman, said that unless currency exchange rates became volatile again, he expected to see the second half performance mirror that of the first but without further increases in the currency figures. On the trading front there will probably not be the same improvement in the second half as there was last year.

Mr. Cotton confirmed that there had been several discussions between Osborn's directors and Aurora since the latter acquired a near 20 per cent. stake formerly owned by Johnson and Firth Brown. The stake had originally been said to be a trade investment, but the recent talks showed that Aurora was now interested in closer co-operation between the two companies.

Mr. Robert Atkinson, chairman of Aurora, also confirmed the talks which, he said, involved discussion of varying degrees of co-operation up to and including a merger. He was still awaiting a response from Osborn.

Mr. Cotton declined to say whether he would be offering Aurora a seat on the Board or whether he was considering Mr. Atkinson's proposals. It is believed that in the case of a bid approach Osborn's directors and friendly interests could control as much as 25 per cent. of the shares.

In the market yesterday Osborn's shares lost 2p to end the day at 92p and Aurora's were unchanged at 97p.

Osborn is paying the maximum dividend of 1.1p net (1p).

British Sugar up in first half

HELPED by last year's beet crop, the best for four years, British Sugar improved pre-tax profits from £7.18m. to £7.68m. for the 24 weeks to March 13, 1978, despite pressure on sales margins.

Sales, which were higher at £155.3m. against £137.5m., are on target to give a total volume for the year of 1m. (900,000) tonnes. Production for 1977/78 is up at 0.95m. (0.67m.) tonnes, the directors say.

Margins were under pressure in the first half because of competition from Continental imports, due to the "over-valuation of the green pound," and a reduction in the prices from animal feeds, but second half profit should benefit as last year, from sugar price increases in the last quarter, mainly due to the green pound devaluation of 7½ per cent. on July 1, 1978, they add.

The net interim dividend is raised to 1.65p, compared with an equivalent 1.3p last time after adjustment for scrip issue and share split. The total payment for 1976-77 of an equivalent 4.75p was made from record profit of £20.47m.

Tax for the half year took £515,000 (£267,000) leaving net profit at £7.16m. (£6.91m.).

Prior to EEC entry, the interim report was published in July, in the form of a full year profit forecast. Now because EEC price changes take place on July 1, the effect of these in a competitive market has become increasingly difficult to predict at that date.

The Board has decided, therefore, that the interim report should from now on follow the more usual practice of reporting only on the company's half-year results. This enables it to be issued earlier.

The company processes the beet crop as it is harvested during the first four months of the fiscal year but the sugar is sold throughout the year. First half figures reflect only the sales income and cost of production of sugar sold during the period, the directors explain.

● comment

British Sugar's unexciting 7 per cent. rise in interim pre-tax profits with both sugar sales and production on target indicates the impact of sugar imports and the glut in animal feeds last year. As its annual report noted early this year, over-valuation of the green pound continues to provide Continental sugar imports with the competitive edge here. British Sugar claims that with EEC sugar imports being heavily subsidised total imports this year are expected to increase by about 15 per cent. This would give a figure of about 10 per cent. of U.K. consumption of about 2.4m. tonnes. And following the glut last year, molassed pulp prices have declined by some 20 per cent. to about £63 per tonne.

Under the weight of these factors, margins have dipped from 5.2 per cent. to 4.9 per cent. The second half should reflect the benefit of the green pound devaluation of 7½ per cent. in July. However, as the sugar price increases planned for July are unlikely to have any impact before the final quarter figures, pre-tax profits for the full year may amount to £25m. against £20.5m. in 1976-77. Taking a line through the interim tax charge, the share at 116p yield 6.3 per cent. on a prospective p/e of 2.9 or 5.7 fully taxed.

NEB confident of achieving target

Sir Leslie Murphy, chairman of the National Enterprise Board, is confident that the State-owned investment group will be able to achieve its target of a 15-20 per cent. return on capital (excluding British Leyland and Rolls-Royce) by 1981.

Presenting the report and accounts yesterday, Sir Leslie said that pre-interest profits of the 25 companies involved in the 1977 accounts showed a return on capital employed of 11.4 per cent., excluding Leyland and RR.

However, Sir Leslie refused to make a profit forecast for any of the 33 companies in which the NEB now has an interest. He reiterated the group's investment strategy of investing in smaller growth sectors in companies with a market capitalisation of between £10m.-£15m.

No date was given for the public flotation of Ferranti, whose profits in 1977 increased by nearly 50 per cent., but Sir Leslie said the matter was now in the hands of the merchant banks who are discussing the timing.

There is no provision in the NEB accounts for a contingent liability over the damages suit instigated by a consortium of tanners with the backing of the Attorney General over the NEB's involvement in Barrow Hepburn and the new joint company British Tanners Products. Sir Leslie claims that the consortium has no case and no provision is therefore warranted. On the profit side on BTP, however, he said only, "I expect it to make a profit in the future."

The following table shows NEB's holdings, with their trading results.

COMPANY	Profit before tax, Losses in parentheses 1977 £m.	1978 £m.	NEB investment £m.
Subsidiaries			
British Leyland	3.19	71.79	406.49
Bull Motors	—	—	0.5
Data Recording Instrument	0.22	—	3.14
Ferranti	6.14	0.49	8.67
Herbert	0.13	0.58	31.89
Insac Data System	(0.13)	—	1.45
Keland Electrics	0.02	—	0.16
Mollart Engineering	0.19	—	0.38
Rolls-Royce	20.75	(22.83)	280.26
Sinclair Radionics	(1.29)	—	2.6
Systems Programming Holdings	0.04	—	1.2
Thwaites and Reed	(0.25)	—	0.24
United Medical International	(0.01)	—	0.7
Associates			
Agemaspark	0.08	0.02	0.41
Aqualisa Products	(0.02)	—	0.12
British Tanners Products	(0.97)	—	3.0
The Cambridge Instruments	(1.07)	0.18	7.52
R. R. Chapman	0.05	—	0.05
Computer Analysts Programmers	—	—	0.55
Hydraroll	(0.01)	—	0.06
ICL	7.21	2.18	12.06
Mayflower Packaging	—	—	0.12
North East Audio	—	—	0.34
Pakmet International	(0.01)	—	0.15
Pitcraft	0.12	0.14	0.64
Reed and Smith International	0.3	0.01	—
Sandiacre	0.04	0.04	0.17
Systime	0.02	—	0.5
Twinlock	(0.02)	—	1.0

Low interest rates knock National & Commercial

AVERAGE volumes of both deposits and advances at National and Commercial Banking Group were higher in the half year to March 31, 1978, but base rate fell sharply from 13.02 per cent. to 6.56 per cent. The resulting lower interest earnings together with increased operating costs were only partially offset by a rise in a commission and fee income and at the pre-tax level earnings were depressed 15 per cent. from £31.12m. to £26.27m.

The surplus included a share of associates' profits up 23 per cent. at £4.97m. (£4.04m.) mainly due to improved results from Lloyds and Scottish and Finance for Industry.

Tax took £13.78m. (£15.8m.) and net profit emerged at £12.49m. (£15.31m.) for earnings per 25p share of 5.5p (6.8p). The net interim dividend is raised to 1.375p (1.25p). Last year's final was 1.3829p paid from record surplus of £64.09m.

	Half-year 1977-78 £000	1976-77 £000	Year 1976-77 £000
Operating profit	21.303	27.075	55.952
Share of assocs.	4.971	4.040	8.143
Pre-tax profit	26.274	31.115	64.095
Tax	13.776	15.803	33.933
Net profit	12.498	15.312	30.162
Pref. dividends	27	25	54
Attributable	12.471	15.285	30.108
Extra-ord. debits	149	1.567	2.779
Ord dividends	3.080	2.808	5.918
Retained	9 241	10,909	21,411

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:—G. R. (Holdings), Higsons Brewery, Silverthorne, Sungei Bahru Rubber Estates, Ulster Television, Unochrome International.

Finals:—Audio Fidelity, Moss Bros., James Neill, Ovenstone Investments, H. C. Slingsby, Thomas Warrington.

FUTURE DATES

Interims:—

Cedar Investment Trust	May 9
Pentland Investment Trust	May 16
Rank Hovis McDougall	May 16
Spooner Industries	May 19
Star Line	May 12

Finals:—

Beales (John)	May 12
Bishopsgate Trust	May 10
Chloride	June 15
City of Oxford Invest. Trust	May 17
F.P.A. Construction	May 9
Findlay (Andrew R.)	May 11
Heal	May 10
London and European	May 11
London Trust	May 17
Panto (P.)	May 16
Progressive Securities Invest. Tst.	May 9
Readicut International	May 17
Sphere Investment Trust	May 18
Whitbread	May 17
Whitbread Investment	May 18

London and Provincial Shop improves

From gross rental income of £512,912, against £550,515, and after interest of £199,832, compared with £318,354, taxable profit of London and Provincial Shop Centres (Holdings) climbed from £169,093 to £220,758 in the December 25, 1977, half year.

The result is subject to tax of £114,794 (£87,928) and earnings per 10p share are shown at 0.98p (0.75p).

The interim dividend is up from 0.301p to 0.3311p and directors expect to pay a final of 0.480601p for a 0.811701p total (0.73791p). If dividend restraint is lifted a further increase of at least 50 per cent. is proposed.

Directors say that gross rental income for 1977-78 is expected to be approximately £1.07m. (£1.06m., including £54,000 from a property sold in January 1977).

It is estimated that group profit for the year, based wholly on investment income, will be in excess of £500,000 (£437,168). At the present levels of interest rates, development outgoings incurred during year should be wholly covered by income from investment properties.

The group development programme is proceeding satisfactorily and it has negotiated a surrender of Imperial Chemical Industries, lease of Dulux House, Slough, which was let at £30,018 per year. The building has now been re-let to ICL at £137,590 per year and has been income producing since March 1978.

An independent professional valuation of the whole of the investment properties of the group will be carried out as at June 24, 1978. It is estimated that there will be a substantial increase in overall value of the properties held for investment and also the group's net assets.

Near £1m. record at G. Wills

AFTER RISING from £110,000 to £445,000 at halfway, taxable profit of George Wills and Sons (Holdings) more than doubled from £424,874 to a record £966,510 in 1977.

Mr. Jack Reynolds, chairman of the international trading group, says the export division re-emerged as a major contributor to profits after its recent setbacks, while all other divisions made satisfactory contributions.

Accounts indicate there has been a good start to 1978, and directors are aiming for a consolidation of the 1977 achievement in the current year.

The result is before tax of £447,157 (£179,587), minority interests of £25,655 (£16,321) and extraordinary profits of £32,650 (nil).

Earnings per 25p share are shown at 10.09p against 3.91p last time, and the final dividend of 0.7292p takes the total payout for the year to 1.5542p (1.3915p).

U.K. boost for Mothercare

GROWTH in the U.K. side of Mothercare's business offset a loss made in the U.S. and helped pre-tax profits for the 53 weeks to March 31, 1978, to improve some 16 per cent. from £11.95m. to £13.88m.

The U.K. performance was by far the better of the company's three geographical divisions and gave a 21 per cent. profit increase on turnover 27 per cent. higher. In comparison Europe expanded 2 per cent. on a 39 per cent. sales advance, whereas the U.S. incurred a £281,000 loss on a 173 per cent. turnover upsurge (last year an £84,000 profit being earned).

Around £1.31m. of the group's £1.94m. profit rise came in the first half of the year when progress from £5.12m. to £6.42m. was reported. Exports for the 12 months totalled £10.96m. (£8.52m.), of which £7.02m. (£4.16m.) was despatched to group companies overseas.

Earnings per 10p share are shown to have risen from 8.62p to 10.16p and the dividend is effectively lifted from 2.64475p to 2.92165p with a final of 1.90365p net.

European subsidiaries accounts are for the 52 weeks to February 25, 1978 and the U.S. (Mothercare Stores Inc.) for the 60 weeks to February 24 (24 weeks to December 31, 1976).

A breakdown of stores trading at March 31, 1978 shows: U.K. 171 (167), Europe 17 (13) and U.S. 138 (110). The directors report that during the last six months five new stores have been opened in the U.K. and four in Europe. In the U.S. 13 new Mothercare stores were opened and three Mother-to-be stores closed as planned.

	1977-78 £000	1976-77 £000
Sales (excluding VAT)	108,067	80,903
U.K.	88,686	70,001
Europe	10,714	7,735
U.S.	8,657	3,167
Investment income	297	832
Pre-tax profit	13,881	11,946
U.K.	13,093	10,811
Europe	1,069	1,051
U.S. loss	281	*84
Taxation	7,336	6,398
U.K.	7,122	5,825
Europe	408	538
U.S. credit	194	†35
Net profit	6,545	5,548

* Profit. † Charge.

See Lex

Dares Estates recovers to £48,000

After a turnround from a £45,461 loss to an £8,689 profit in the first half, taxable profit of Dares Estates ended 1977 at £48,000 compared with a break-even last year.

Turnover for the period was £2.47m. (£2.56m.) and the profit was struck after debenture interest of £47,000 (£53,000) and loan interest of £39,000 (£42,000).

Dividend is restored with a 0.5p net per 10p share payment. The last dividend was 2.35732p paid for 1972. Directors of the building and property group say the dividend reflects not only the results for the year but also the improved liquidity and excellent prospects for the current year.

The result is before a £40,000 (£5,000) tax credit, and extraordinary profits of £191,000 (£149,000).

Earnings per share are shown at 1.32p (0.07p), and after extraordinary items at 4.18p (2.57p).

A professional valuation of the group's properties is being prepared and will be available when accounts are published.

Peachey £874,000 halfway

Peachey Property Corporation, which is in the process of disentangling itself from its recent turbulent history, yesterday surprised the market with pre-tax profits of £874,000 for the six months to December 25. The comparable period last year showed losses of £190,000.

There has been a small uplift in gross rents (now £1.87m. against £1.77m.) but the major items are a £383,000 drop in administration expenses and a new method of accounting for trading properties.

The company now distinguishes between trading properties and those held for investment, and the surplus on revaluation of trading properties sold during the period has for the first time been taken to the profit and loss account. This accounted for £354,000 of pre-tax profits.

The sharp drop in administration costs reflects both the stringent controls of the new management as well as the elimination of provisions for consultancy fees of at least £100,000 on the Brighton project (written off in the last accounts).

Interest charges have also diminished from £1.03m. to £823,00 and there were no exceptional provisions this time.

After tax of £400,000 (£7,000 credit) and an extraordinary £62,000 incurred in the recent bid defence, attributable profits are £316,000 less a £180,000 transfer to resreves largely related to the valuation surplus on trading profits.

Peachey is paying an interim dividend of 1p net per share (nil) and has promised a final of not less than the same amount.

The chairman, Lord Mais, says the group is currently considering the offers received for its Park West block of flats. Disposal of the non-property interests is proceeding well and should be largely concluded by the year end. However, the new managing director, Mr. John Brown, warns that the second half will not benefit to the same degree from administration cost reductions.

T. C. Harrison doubles profit

INCLUDING a nine-month contribution from Peterborough Motors of £464,915, taxable profit of T. C. Harrison jumped from £1.1m. to a peak £2.32m. in 1977 on turnover ahead from £27.87m. to £45.64m.

Mr. T. C. Harrison, the chairman says the current year has started well with profits considerably in advance of the comparable period, and, while he does not anticipate the rate of profit presently being earned to continue, he is confident the group will achieve record results.

He says the sale of new and used motor cars continued to be the biggest single contribution to 1977 results, showing a material increase over the previous year, despite a recurrent shortage of vehicles.

"We also suffered from vehicle shortages in the commercial division in the medium van range. However, we still achieved unit sales increases in excess of the national average and an encouraging increase in profits.

"Our agricultural division which hitherto has been insignificant in terms of group profits is now, following the merger with Peterborough, one of the largest Ford tractor dealers in the country and we look forward to an important contribution from this division."

Despite the continuing depression in the construction industry the earthmoving division made a satisfactory contribution.

Mr. Harrison says profits from the hire purchase and leasing activities were material, with hire purchase benefiting from the reduction in the level of interest rates and leasing enjoying an excellent year.

After tax of £1.13m. (£0.58m.) and extraordinary profits of £84,210 (nil), attributable profit was £1.27m. (£0.52m.).

Earnings per 25p share are shown at 15.73p (10.47p), and a final dividend of 2.747p takes the total to a maximum permitted 4.087p (3.6978p).

At year-end fixed assets were up from £2.68m. to £4.22m. and net current assets were ahead from £2.02m. to £5.13m.

	1977 £000	1976 £000
Turnover	45,637	27,872
Car	985	533
Commercial	249	125
Earthmoving	7,782	5,164
Agricultural	5,500	—
HP and leasing	1,303	807
Profit before tax	2,315	1,103
Car	985	532
Commercial	249	125
Earthmoving	347	138
Agricultural	201	—
Hire purchase	533	307
Tax	1,132	584
Net profit	1,183	520
Extra-ord. profit	84	—
Group profits after tax	1,268	520
Ord. dividends	310	176
Retained	957	344

● comment

Stripping out the Peterborough Motors' acquisition from Harrison's figures still leaves a very buoyant picture with trading profits two-thirds higher. The trading split shows good growth from all divisions, but on a comparable basis new car volume remained surprisingly static, compared with an increase in new Ford registrations of getting on for 5 per cent. Harrison was able to compensate on commercial vehicles sales with new vehicles up 15 per cent. Earthmoving equipment also sold well, given the state of the construction industry in 1977, and volume was up by a tenth.

The outlook this year for motor dealers is still buoyant. But the expected increase in car production could knock the dealers' profit margins if demand does not expand. The signs are that 1978 will not repeat last year's trend where the supply of Fords lagged sufficiently behind demand to keep profit margins moving up. However, with a full 12 months to come from Peterborough, profits this year could be in the region of £2.8m. At 126p the shares look fully valued with a yield of 5 per cent. and p/e of 7.8.

R. Cartwright

"We have made an excellent start to the year throughout the group," said Mr. J. C. Northam, chairman of R. Cartwright (Holdings) manufacturer of door and window furniture, at the AGM yesterday.

He expected conditions to remain good for the rest of the year although the "mini-boom" expected a few months ago had proved to be a "false dawn."

MONEY MARKET

Signal on interest rates

Bank of England Minimum Lending Rate 7½ per cent. (since April 11, 1978)

Bank of England Minimum Lending Rate is almost certain to rise at to-day's Treasury bill tender, following the action of the authorities in the London money market yesterday. The only question which remains to be answered concerns the extent of the increase. Suggestions in the market ranged between 8½ per cent. and 9½ per cent., with a level of 9 per cent.—first mentioned at the beginning of the week—still put forward as the most likely outcome.

The market has been very nervous about the future level of interest rates for some time, and yesterday the authorities removed some of the uncertainty by lending a moderate amount to the market for seven days, as a signal on interest rates.

The message from the Bank of England was that short-term interest rates have increased in the U.S. and U.K., and domestic rates generally stand well above their normal relationship with the Treasury bill rate and the MLR. The method used to intervene in the market was intended to indicate that the authorities will not seek to prevent the restoration of a more normal relationship.

Day-to-day credit was in short supply, and the total amount of help given to the market was large. Apart from the moderate amount lent to eight or nine discount houses for seven days at MLR, the Bank of England also lent a moderate amount overnight, to the same number of houses at MLR. The total assistance was probably overdone, and banks are expected to bring forward above target balances.

Banks brought forward surplus balances yesterday, and the market was also helped by a slight fall in the note circulation. On the other hand there was a net take-up of Treasury bills to finance.

Rates in the table below are nominal in some cases.

May 4 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-8	—	—	—	7	4⅛-6⅛	—	—	—
2 days notice	—	—	7⅛-7½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	7¼-8	7¾-8	—	7⅝-7¾	7½	6-6½	—	—	—
One month	8 1/16-8	8¼-8½	8¼-8½	8¾-8⅛	8⅝-8¾	8⅛	7⅝	8¼	8 1/16	8½
Two months	8⅛-8¼	8⅝-8⅞	—	8¾-8¼	8⅝-8⅞	—	7⅞	8⅜	8 3/16	8¾
Three months	8⅞-8⅝	8⅞-9	8½-8¾	9-8¼	9-9¼	—	8⅛	8 7/16-8⅞	8 7/16	9
Six months	9 1/16-9	9⅜-9⅝	9⅛-9⅜	9¼-8¾	9⅝-9¾	—	—	—	9 1/16	9¾
Nine months	9¼-9	9⅜-9⅝	—	9⅝-9⅞	9¾-9⅞	—	—	—	—	—
One year	9⅜-9⅛	9⅜-9¾	9⅜-9½	9⅛-9	9¾-9⅞	—	—	—	—	—
Two years	—	—	10¼-10½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11-11¼ per cent.; four years 11¼-11½ per cent.; five years 11½-12 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 8 15/16 per cent.; four-month trade bills 9¼ per cent.

Approximate selling rates for one-month Treasury bills 6¼ per cent.; two-month 8¼ per cent.; and three-month 8 5/16 per cent. Approximate selling rates for one-month bank bills 8 5/16 per cent.; two-month 8 5/16 per cent.; and three-month 8 7/16 per cent. One-month trade bills 8¾ per cent.; two-month 8⅞ per cent.; and also three-month 8¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7½ per cent. from May 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 4 per cent. Clearing Bank Base Rate for lending 7½ per cent. Treasury Bills: Average tender rates of discount 6.9959 per cent.

BP spells out benefits of Sohio control

BY RAY DAFTER, ENERGY CORRESPONDENT

THE TWO major oil pipelines in which British Petroleum has an interest are now being operated at close to their maximum levels. As a result BP has now taken a controlling interest in its U.S. affiliate, Standard Oil of Ohio (Sohio) and is providing well over half of Britain's North Sea supplies.

These points were made by Sir David Steel, BP chairman, at the annual meeting yesterday. He told shareholders that the Trans-Alaskan pipeline was now operating at nearly 1.2m. barrels a day and, in conseqeunce, BP had this week earned a majority shareholding in Sohio, subject to formal confirmation.

"This is a milestone," said Sir David. "What we have this year is a 50 per cent. share not in a company limited to production in Alaska but in a fully-integrated U.S. oil company." Sohio, he went on, had strong refining and marketing interests and sold more petrol than BP achieved in the whole of Europe. It was also the twelfth largest coal producer in the U.S., an important point at a time when the BP group was developing its coal position worldwide.

BP is due to increase its stake in Sohio to almost 54 per cent. but before this can be achieved extra pumping facilities will have to be provided on the pipeline to raise the capacity above the 1.2m. barrels a day mark.

Sir David also reported that for the past month the company's Forties Field in the North Sea had been producing oil at its peak rate of over 500,000 barrels a day. This means that output from Forties alone is now accounting for more than half of Britain's oil production.

Referring to the group's other North Sea developments Sir David said that oil from the Ninian Field would probably be delivered at Sullom Voe in Shetland in October: the smaller Buchan Field was expected to be brought on stream next year: and some £1.25bn. was to be invested in the Magnus Field which would be capable of producing about 125,000 b/d.

The BP chairman pointed out that the company's output of North Sea oil contributed over £1bn. towards improving Britain's balance of trade last year. In six years the group had invested £1.1bn. on exploration and development in U.K. offshore licence areas; a further £280m. would probably be spent this year.

Referring to general trading conditions, Sir David said that in the first quarter product sales increased by just over 1 per cent. but crude oil sales dropped by some 4 per cent. compared with the corresponding period last year. There had been some improvement in operations in mainland Europe where last year the company sustained losses. "Prices have remained more stable than might have been expected following the weakness of the dollar." There were also signs of the general understanding of the destructive nature of trading at marginal prices. But there was still a long way to go before operations in Europe were yielding an adequate return.

The depressing trading conditions in the chemical sector had continued into 1978 and there was little hope of improvement until industrial activity throughout Europe revived.

Overall, however, Sir David expected 1978 to show an improvement in many of the group's activities although much would depend on the success of governments in stimulating increased industrial growth.

54% growth from Sears

THE MAIN features in the preliminary profit statement by Sears Holdings are a 54 per cent. profit rise at pre-tax level, a property revaluation throwing up a surplus of £155m. over book value and a proposed one-for-one scrip issue.

With turnover some 23.7 per cent. higher at £981m. taxable profit rose from £42.5m to £65.5m. This follows an advance from £15m. to £18.5m. at the interim stage.

Tax for the year took £36.32m. (£28.04m.) for stated earnings per 25p share of 6.2p (3.6p), which after an extraordinary debit of £3.44m. this time came through at 5.5p. The dividend is stepped up from 2.31p to 2.58p net, and in the coming year the directors plan to introduce interim payments.

Of the total surplus over book values from the property revaluation, £108m. relates to freehold properties and leaseholds over 25 years. This sum has been written into the balance sheet, giving a net asset value per share of 86p. If the £47m. surplus on the shorter lease properties was included the net asset value would increase to 97p.

Following the substantial increase in group reserves, as already stated, the directors are recommending a one-for-one scrip issue.

	1977-78 £000	1976-77 £000
Turnover	981,068	792,598
Footwear	246,443	209,687
Departmental stores, etc	244,455	206,314
Engineering	71,869	62,707
Motor vehicle	104,228	67,941
Lic. betting offices	259,017	190,784
Property	19,806	18,371
Linen hire, etc.	37,922	43,220
Less internal sales	1,682	4,071
Trading profit	174,749	54,007
Footwear	41,398	34,673
Departmental stores, etc	21,587	19,967
Engineering	*1,152	56
Motor vehicle	4,754	2,954
Betting offices	4,974	7,101
Property	4,448	2,406
Linen hire, etc.	*1,258	*9,264
Interest paid	11,010	5,728
Non-trading items†	1,772	*2,211
Profit before tax	65,511	42,468
Tax	36,321	28,027
Profit after tax	29,988	14,441
Extra-ord. debit	‡3,444	—
Minority profit	731	*2,066
Attributable	24,813	16,497
Pref dividends	157	157
Attributable to Ord.	24,656	16,340
Dividend	11,572	10,361
To reserves	13,084	5,979

* Loss † Includes approximately £5.3m. in respect of Silcock and Collins since acquisition on March 1, 1977. Trading losses of the Highlander knitwear division (U.S.) for the period to disposal on July 31, 1977, amounted to £2.55m. (1976-77 £9.97m.) and have been deducted. ‡ Disposal of Highlander. †† Surplus on disposal of property and investments £2.0m. (£0.21m.), surplus on redemption of loan capital £0.53m. (£0.21m.), costs of closing down certain trading activities £0.35m. (£2.19m.) and exchange differences £1.63m. (£1.35m.). The exchange differences included arise mainly on the translation into sterling of overseas net current assets. A further deficiency of £1.4m. (1976-77—surplus £1.5m.) relating to fixed assets less associated borrowings has been dealt with through reserves.

KTM now surging ahead

BY ANDREW TAYLOR

THE MUCH rescued Kearney and Trecker Marwin machine tool company, which all but collapsed in the early 1970s, appears to be back on its feet again. Last year KTM earned record trading profits of more than £1m. and the company is now to return to the dividend list for the first time in five years.

KTM chairman Mr. Ken Lane—one of two Vickers men drafted on to the Board when Vickers bought 86 per cent. of the company's voting shares in 1976—said yesterday that the machine tool company was now self financing.

The company was subject to a series of rescue moves between 1972 and 1976, when the Vickers group (which had previously been called in by the Government to supervise management of KTM) acquired its stake for around £1.3m. At the same time the Government agreed to wipe off debts of £5m. and to inject a further £2m. into the company.

Since then the company's fortunes have been improving steadily. After just about breaking even in 1975 pre-tax profits in 1976 rose to £490,000 despite a sharp drop in turnover in that year—as the machine tool demand cycle hit a low ebb.

Mr. Lane said yesterday that, by comparison with 1976, the machine tool trade cycle was rising last year—particularly in the U.K.—but he felt the cycle would probably "peak-out" next winter. He said however that the group was now much better placed to deal with the next recession in the industry.

The improving profit trend has also been helped by the tightening of management controls since the 1976 rescue package. The latest balance sheet shows net borrowings of almost £1.6m. compared with shareholders' funds of £4.4m. Cash balances last year rose from £282,000 to £1.2m.

Stricter management controls are also reflected in the containment of working capital requirements with stocks and debtors last year increasing within a range of 12½ per cent. to 15½ per cent.; sales were over 50 per cent. higher.

In a chequered career during the early 1970s the company was linked with a number of Government and financial institutions including the IRC and the Industrial and Commercial Finance Corporation. The company was formerly a wholly owned subsidiary of Kearney Trecker in the U.S., which still holds the other 14 per cent. of voting shares.

By 1973 the group was reporting pre-tax losses of £2.4m. while borrowings of around £5m. compared with shareholders' funds of less than £1m.

The fact that KTM was one of the few U.K. manufacturers of high technology sophisticated machine tools prompted the Government to attempt to save the business—first through the IRC and later through the Department of Industry which still owns around 800,000 KTM non-voting shares.

Around 50 per cent. of KTM sales is generated from the manufacture of machine tool centres which are computer linked and perform a wide range of engineering functions. It was this aspect of KTM's business, more than anything else, that fuelled the Government's determination that the company should not fail.

Mr. Lane said yesterday that the company had suffered first by being the wholly-owned subsidiary of a company whose headquarters was the other side of the Atlantic, and more so by its later involvement with the diverse interests which had come together to save it. "Board meetings at that time were more like United Nations conferences," he said.

The group's links with Kearney Trecker in the U.S. are still declining. The group has said that with the development of its own "machine tool centres," one of which has won a Design Council Award, it will no longer distribute KT machines from the U.S.

Around 40 per cent. of all sales are to the automotive industry and KTM has recently won an important contract to supply British Leyland. In the current year the company expects to see a further advance in profits although it expects that the next peak in machine tool demand to be lower than in previous cycles.

The company, however, still has some way to go. Mr. Lane said: "We have stopped the bleeding, now we must look for a full recovery to health."

Dualvest advances

After tax of £251,403, compared with £236,858, revenue of Dualvest increased from £370,890 to £417,150 in the March 31, 1978, year.

A final dividend of 2.282p net per 50p income share takes the total to 4.635p against 4.121p last time.

Net asset value per capital share is shown at 347¼p (290¾p).

Capital Annuities to wind up

BY ERIC SHORT

The Policyholders Protection Board has decided not to appeal against the High Court's dismissal in March of its application for the implementation of a scheme which would have enabled the Board to have allowed Capital Annuities, a small life company, to trade off its existing policies providing at least 90 per cent. of the secured benefits.

Thus the original application made in April 1976 by the company itself for the voluntary winding-up of Capital Annuities, will go forward. No date has yet been announced for the renewed hearing of the application.

However, the Policyholders Protection Act, 1975, ensures that policyholders will receive at least 90 per cent. of their benefits and the Board will ensure continuity of cover. This means that annuitants will continue to receive the annuity payments on the due dates but at 90 per cent. of the amount in their contracts.

Capital Annuities has about 3,000 policyholders who are almost entirely annuitants or guaranteed bond holders. At present, the Board has been operating an interim payments scheme, financed by a levy on life company premium income, paying 70 per cent. of the amounts due on income, death or maturity payments. From mid-May these payments, with a few exceptions are being increased to 90 per cent. of contractual benefits and as soon as possible thereafter a "topping-up" payment will be made to cover the 20 per cent. deficit on past payments.

The only exceptions arise in the case where the Board considers the original benefits are excessive, in which case the Board has the power to scale down such benefits to a realistic level and pay 90 per cent. of this reduced benefit. But at present the Board cannot provide any details of any scaling down operations.

As far as beneficiaries in the home owners scheme are concerned, negotiations are in progress with an insurance company for them to take over the contracts and continue on the original terms.

The Board yesterday emphasised that when a winding-up order is made, it will ensure that each policyholder is offered continuity of insurance with effect from the date of winding-up order for the benefits reduced in accordance with statute.

BANK RETURN

—	Wednesday May 3 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	28,210,625	+ 3,720,568
Special Deposits	1,256,325,000	—
Bankers	386,229,332	+ 9,264,382
Reserves & Other Accs	696,568,066	+ 1,754,908
	2,381,886,543	+ 14,779,848
ASSETS		
Govt. Securities	1,805,066,082	+ 22,215,000
Advances & Other Accs	185,050,337	— 2,442,772
Premises, Equip't, & other Secs	373,772,830	+ 2,098,079
Notes	17,815,922	— 7,158,410
Gold	185,518	— 2,047
	2,381,886,543	+ 14,779,848
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,100,000,000	+100,000,000
In Circulation	8,082,184,078	+107,158,410
In Bank'g Dept	17,815,922	— 7,158,410
ASSETS		
Govt. Debt	11,015,100	
Other Govt. Secs.	7,248,954,962	+ 97,086,912
Other Securities	840,029,938	+ 2,913,088
	8,100,000,000	+ 100,000,000

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MINING NEWS

MIM invests in coal expansion plan

BY PAUL CHEESERIGHT

MIM HOLDINGS is to spend $A10m. (£6.2m.) in the first stage of a plan to boost the export capacity of the coking coal operation in Queensland run by its subsidiary, Collinsville Coal.

This first stage involves the expansion of the open-pit mine and takes in a coal washing plant, the provision of water and power supplies and the purchase of equipment.

The launching of the programme at this time reflects not only the generally held and optimistic assessment of the future international demand for coking coal but also an increasing confidence in the Australian mining industry now that domestic inflation is coming under closer control.

Ultimately MIM plans both open-pit and underground mines for Collinsville Coal and a scale of production which will require a new port 20 km. north of Bowen, where some facilities already exist.

By July next year, Collinsville Coal will be producing 200,000 tonnes of high quality material for export. "The company plans ultimately to produce for export 1.5m. tonnes of coking coal from Collinsville and 2.5m. tonnes of steaming coal from the Newlands/Eastern Creek area 80 km. south of Collinsville," said Sir James Foot, the chairman of both the parent and subsidiary companies.

At present Collinsville Coal is producing 850,000 tonnes a year for the domestic market. In the past its plans for export have been inhibited by an inability to offer supplies from stockpiles. The development programme will obviate this difficulty.

In London yesterday, MIM shares were 175p.

OUTPUT SLIDES AT ROBE RIVER

Poor demand from the steel industry for iron ore has caused a sharp reduction in the output of the Western Australian producer, Cliffs Robe River. In the 1978 first quarter, coarse output was 2m. tonnes compared with 3.7m. tonnes in the same period of 1977.

Pellet output was 549,000 tonnes against 2.2m. tonnes and fines production was 1.4m. tonnes against 2.29m. tonnes. The fall is taking place against the background of plant expansion to raise annual capacity to 19.8m. tonnes from 15.8m. tonnes. The work is nearly half complete.

The venture is owned by Robe River Ltd., an Australian group, with 35 per cent., Cleveland Cliffs Iron of the U.S., with 30 per cent., Mitsui Iron Ore of Japan with 20 per cent. and Cape Lambert Iron Associates with 5 per cent.

Meanwhile, another Western Australian producer, Hamersley of the Rio Tinto-Zinc group has announced that it will offer 10.5 per cent. 10 year debentures to the Australian holders of its A$13.39 8 per cent. debentures which mature at the end of May.

RTZ RHODESIA'S EARNINGS FALL

Hit by the depression in nickel and copper markets, 1978 first-quarter net profits of the Empress mine of Rio Tinto (Rhodesia) have slumped by 51 per cent. to £170,000 and the interim dividend is being omitted, reports our Salisbury correspondent. The group says that it has begun to sell its nickel stockpile but revenue from this will not start to accrue until the current quarter.

The parent company reports a 9 per cent. decline in the past quarter's earnings to £245,000, the fall having been cushioned by satisfactory earnings from its gold and emerald operations. But it has suffered from the fall in Empress profits and the loss incurred by the engineering subsidiary, Tinto Industries.

URANIUM HOPES IN WYOMING

Production at a new uranium mine in Wyoming could start in 1982, if a $20m. (£10.9m.) development programme is successful. Rocky Mountain Energy, the operator, stated that a joint venture would delineate further ore reserves and provide data for mine and mill designs.

Rocky Mountain Energy has a 30.3 per cent. stake. The other joint ventures are Mono Power, a unit of Southern California Edison, with 39.7 per cent. and Great Basins Petroleum with 30 per cent.

MINING BRIEFS

KILLINGHALL TIN—Output for April, 47 tonnes (March 60½ tonnes).

PAHANG CONSOLIDATED—Output of lode tin concentrates produced and sold for April 132 tonnes (March 138 tonnes).

OIL AND GAS NEWS

Philippines oil to flow in 1979

THE PHILIPPINES will start producing oil commercially in the second quarter of 1979 following the installation next April of a $42m. (£23m.) production platform with a maximum daily capacity of 0,000 barrels, according to the Philippine Petroleum Association.

The association's president, Mr. Jose de Venecia, said the platform, to be owned jointly by a group of Filipino and American firms, is to be set up in the Nido field off Palawan province, 250 miles south-west of Manila, where the group struck oil in two drill sites in 1976.

The drilling consortium is headed by the Oklahoma-based Cities Service Company, which along with some other American firms will own 52 per cent. of the ...d production facility. Its four Filipino partners, including Mr. de Venecia's Land Oil Resources, will share the remaining 48 per cent., he said.

He added that a number of international and U.S. banks, including Chase Manhattan, have offered to finance the platform and that a Filipino-American group is to announce on May 12 in Houston, Texas, the winners of international bids for the platform.

The platform is for the West Nido No. 1 well, two and a half miles west of another well, South Nido No. 1. Both flowed oil at daily rates of 9,540 and 7,300 barrels, respectively, during tests ...t year. Mr. de Venecia described the flow rates as among the highest in the south-east Asia."

* * *

Japan, the Soviet Union and the United States are to meet in Tokyo later this month to complete plans for a $4.1bn. east Siberia natural gas development project, a Japanese spokesman for the project said yesterday.

The project calls for Japan and the United States each to be supplied with an estimated 10bn. cubic meters of natural gas a year for 25 years starting in 1983 from ... reserves near the Siberian ... of Yakutsk.

At the Tokyo meeting, a follow-up to one held in Moscow in March, the Soviet Union is to submit its final feasibility studies on the project and ask the United States and Japan for development funds and related materials.

The three nations are to build a 3,000 km. pipeline between the gas reserves and the Siberian port city of Olga, where the gas is to be liquefied for shipment to Japan and the United States.

* * *

Nigeria's crude oil production dropped to its lowest level in March when it averaged 1.52m. barrels per day, according to figures released by the Lagos Chamber of Commerce. This is the lowest in five years. The decline has reflected lack of demand among major consumers and increasing competition from North Sea oil. Meanwhile, Nigeria has cut the price of her crudes by an average of 21 cents per barrel, the second price cut since December last year.

* * *

The Danish Trade Ministry said that U.S. oil consultants, de Goyler and McNaughton estimated that Danish North Sea natural gas fields could contain 120bn. cubic metres of gas. In March the Danish concession holder, A. P. Moeller, said it had estimated that the fields contained a maximum 75bn. cubic metres.

* * *

Regan Offshore International, a unit of Hughes Tool says it has completed the first subsea well from an ice island in the Canadian Arctic. The well was drilled and completed for Panarctic Oils in 180 feet of water at a location north of the magnetic North Pole.

* * *

The Italian State oil firm, ENI, said its subsidiary Saipem signed a contract with the Elf Aquitaine group of France to drill for oil and gas in the Mer d'Iroise at the western approaches to the English Channel at a depth of 500 feet, 120 miles from the French coast. Saipem will use its semi-submersible scarab four drilling platform but no starting date for drilling was given.

RESULTS AND ACCOUNTS IN BRIEF

...TOMATED SECURITY (HOLDINGS) ...sults for year to November 30, 1977, ...rted April 27 with comments on pros... Group fixed assets £2.31m. ...4m.). Net current assets £433,298 ...59). Increase in net overdraft ...00 (£79,000 decreased). (London Trust ...pany holds 16.3 per cent. of the ...ty. Meeting, 25 Hampstead High ...t. NW, on May 22 at noon.

...NERAL AND COMMERCIAL ...ESTMENT TRUST—Results for year ...ebruary 28, 1978, reported April 14. ...al investments at mid-market value ...K £7.69m. (£5.48m.), abroad £2.14m. ...m.). Unlisted at directors' valuation ...579 (£108,347). Current assets £474,921 ...175), liabilities £275,523 (£304,072). ...ash in uninvested funds £211,498 ...866 increase). Present revenue ...tates running higher than last year ...directors hope to increase dividend ...urrent year. Meeting, 8, Waterloo ..., S.W., on May 25, at noon.

...BCOCK AND WILCOX—Results for ... reported on April 12 in full pre... ...ary statement with prospects. ...p fixed assets £94.86m. (£55.45m.). ...current assets £95.27m. (£83.35m.). ... overdrafts reduced by £16.25m. ...Meeting, 116 Pall Mall, SW, May ...12.30 p.m.

...STERN MOTOR HOLDINGS— ...lts for 1977 reported March 22 with ...vations on prospects. Group fixed ...s £5.84m. (£5.4m.), net current assets ... (£0.42m.) Bank overdrafts £1.45m. ...m.) Working capital increased by ...36 (£95,650). Meeting, Plymouth, ...31, 11.45 a.m.

...ICENTROL (international resource ...ration and production group)— ...lts for 1977 reported April 14 in full ...minary statement. Group fixed assets ...m. (£26.21m.) Net current assets ...m. (£3.18m.). Increase in net liquid ... £1.83m. (£2.53m.) Meeting, Aber... Rooms, E.C., on May 23 at noon.

...BENBANK TRUST—Results for 1977 ...ly known Quoted investments ... (£478,075), unquoted £13,426 ...). Net current liabilities £21,609 ...). Increase in liquidity £4,258 ... decrease). Meeting, Liverpool, on ...2, at 3 p.m.

...LAY PACKAGING—Results, for 1977, reported March 16. Fixed assets £352,177 (£447,579), net current assets £1,082,529 (£837,975). Short-term deposits increased by £70,000 (£100,000 decrease), cash decreased by £40,978 (£40,041 increase), net inflow of funds £298,600 (£236,660). After adjustments on depreciation £82,000, cost of sales £46,000, less gearing £10,000, CCA pre-tax profit £374,000 (£456,000 historical). Meeting, Belfast, May 22, noon.

FUNDINVEST — Interims dividend 1.043p (0.978p) net on account of six months to March 31, 1978. Gross income £251,299 (£244,558). Net revenue £226,822 (£220,237), after interest and expenses £24,477 (£22,121), but before tax £20,289 (£82,927). Net asset value per 25p capital share 90p at March 31 (102½p at September 30, 1977).

CUMULUS INVESTMENT TRUST and CUMULUS FINANCE COMPANY — For six months to March 31, 1978, total revenue £55,378 (£71,978); interest and expenses £38,184 (£43,616); tax £3,523 (£7,085); and net revenue £16,671 (£21,284). Earnings per 25p share 0.32p (0.41p). Net assets £2.1m. (£1.68m.) and per share 36p (32p). Wholly-owned subsidiary, Cumulus Systems, not consolidated, shows profit before tax of £11,414 (£10,704).

DERBY TRUST—Net asset value per capital share for quarter to March 31, 1978, £3.45, against £3.45, at at December 31, 1977.

MAXIM'S — Turnover 1977 £2,680,392 (£1,738,697). Pre-tax profit £53,295 (£55,349). Tax—current £30,018 (£27,876) and prior year credit £6,690 (nil). Add extraordinary item £6,270 (£5,498). Net profit £36,237 (£32,971). Earnings per share 18.6p (15.4p). Dividend 5p (4.5p) proposed that holders have option to receive shares in lieu of dividend.

ALTIFUND—Gross revenue for year to March 31, 1978, £336,737 (£312,033). Net revenue £213,000 (£179,527) after all charges including tax of £112,781 (£103,698). Final on income shares 5.3p (£163,685). Final on income shares 5.3p making 8.3p (7.2p), and on capital shares final 0.265p making 0.415p (0.36p).

SCOTT'S RESTAURANT—For 1977 sales £1,334,569 (£962,960), pre-tax profit £95,184 (£142,053) Tax £54,000 (£75,000). Net profit £41,184 (£67,053). Earnings per 12½p share 18.47p (20.89p). Net dividend 1.95375p (1.7275p).

BIDS AND DEALS

Mardon spending £3.3m on American expansion

Mardon Packaging International, the jointly owned packaging vehicle of Imperial Group and B. A. T. Industries, has acquired the Western Lithograph division of Diamond International Corporation for $6bn. (£3.3m.).

The acquisition has been made by Mardon's 75 per cent. owned Canadian subsidiary, Lawson and Jones, as part of its expansion on the American continent. Mardon also bought Michigan Lithographing of Grand Rapids, Michigan, in March this year. The combined turnover of the two newly acquired companies was about $24m. in 1977.

Western Lithograph is a web printing company based in Los Angeles. Its activities will be complementary to those of Lawson, making the group "one of the bigger North American web printing businesses" according to *Mr. John Allan, group financial* controller of Mardon, yesterday.

Mardon hopes that the application of its expertise in web printing will improve the profitability of Western Lithograph and that the combined size will also bring advantages. The fact that the market for web printing in California is growing also added to Western Lithograph's attractions.

VICKERS

Vickers yesterday confirmed that it had received a bid approach for its 72 per cent. controlling interest in Canadian Vickers—which in its last balance sheet showed net current assets of $C25m. (£12m.).

Last year profits of the Canadian subsidiary fell from £2.6m. to £2.4m. reflecting the problems within the Canadian economy. The subsidiary's largest profit contributor is its nuclear engineering interests. It also produces steel products and has a large ship repair business.

UNITED BISCUITS BUYS MOO COW

United Biscuits (Holdings) has acquired **Moo Cow Bakeries** and its associated companies for £1.15m. cash.

Moo Cow is a frozen food manufacturer supplying the U.K. catering trade with a range of gateaux and dessert products under the Moo Cow label.

Mr. Ian Miller, the managing director of UB (Frozen Foods) has joined the Board as chairman. The acquisition represents a further extension of UB's interests into catering.

SINGLO BUYS BOULTON POTTERY

Singlo Holdings has acquired the fixed assets, including freehold property and stock of **Boulton Pottery** of Newton Abbot, Devon.

The total consideration amounted to £35,000 in cash and the issue of 80,000 Singlo ordinary shares. The book values of the assets being acquired amount to approximately £45,500.

No meaningful historic profit or loss figures are available in respect of the assets acquired. The business will be amalgamated with that of Singlo's wholly-owned subsidiary, Purbeck Ceramics, and will continue to be managed by Mr. W. Boulton.

Its products will increase Purbeck's product line and it is anticipated that the whole of the output of Boulton will be sold through *Purbeck's existing* outlets.

HAVEN AUTOMATION

The **John Wood Group** has acquired Haven Automation U.K. and Haven Automation Ireland from the Welsh based **Richard Hayes Investment Group**.

The companies specialise in the provision of mechanical, electrical and instrumentation services to the petro-chemical industry throughout the U.K., Ireland and the Middle East, as well as in the manufacture of a wide range of control panels and electronic test equipment for the home and overseas markets.

The acquisition will strengthen the Wood group's range of construction and maintenance services to the oil industry both on and offshore, as well as significantly adding to the growing manufacturing capacity in the specialist electrical fields.

HARDY

In order to simplify the capital structure of the group, **Hardy and Co. (Furnishers)** is making an offer of £2.50 per share in cash for the 4,955 Cumulative Preference shares of £5 each not already owned in its Irish subsidiary company, Millar and Beatty.

ASSOCIATES DEAL

J. Henry Schroder Wagg and Co. yesterday sold 30,000 Wheatsheaf at 196p and 7,500 at 195p on behalf of associates.

J. F. NASH

J. F. Nash Securities has acquired the capital of Western **Counties Construction** for £72,000 cash.

WCC (formerly David C. Elmer) is based at Witney and operates a building and contracting business in the Oxfordshire, Buckinghamshire and Gloucestershire areas. At January 31, 1978, WCC had net tangible assets of £263,000, and is expected to earn a pre-tax profit of not less than £50,000 in the current period ending September 30.

It is the intention of Nash that WCC will form a building and contracting division.

D. B. VOSPER IN JOINT VENTURE

Single Buoy Moorings Inc. of Fribourg, Switzerland, and **David Brown-Vosper (Offshore)** have formed a new U.K. joint company, *Single Buoy Moorings* (DBV) which will incorporate DBV's single point mooring buoy interests. The major shareholder will be SBM Inc.

The new company will undertake contracts for the design, construction and installation of offshore mooring buoys and other projects in the North Sea, and will also provide an engineering capability to support SBM Inc. on projects in other parts of the world.

MOORSIDE/LONDON & ST. LAWRENCE

Completion of possible merger negotiations between **Moorside Trust** and **London and St. Lawrence Investment Company** now awaits the decision of the special tax commissioners—who met on April 27—on certain tax matters relative to Moorside, the directors state.

COWIE SELLS COLMORE STAKE

T. Cowie has sold its holding of 1,199,368 shares in **Colmore Investments** for £383,088 cash. Proceeds will be used to expand the Cowie group.

TAYLOR PALLISTER

London and European Group has purchased 186,950 shares (27.7 per cent.) of **Taylor Pallister**, the engineers and marine ancillary equipment manufacturers.

LEG bought 183,450 shares on April 28 and 3,500 shares on May 2. East Rand Consolidated sold its holding of 180,950 shares on April 28.

Rumours denied by Bibby

The J. Bibby and Sons' share price slumped by 13p to 222p yesterday after the chairman designate, Mr. Leslie Young, stated that there was "no foundation whatsoever in the latest output of bid rumours." Speaking at a celebratory luncheon to commemorate thet group's centenary, Mr. Young suggested that there are people who have perhaps an "unvested interest" in starting a rumour.

He admitted that there was a very narrow market in Bibby shares and this contributed to their volatility. He estimated that the quantity of "floating" shares is probably no more than 10 per cent. of the total. Approximately 57 per cent. are held by the Bibby family and Tiger Oats. From time to time there have been rumours that Tiger, a highly successful South African company, might bid for Bibby, which is currently capitalised at £18m. However, Mr. Young reiterated a statement made by Tiger in October 1976 that it had no intention of increasing its stake beyond 30 per cent. other than in the event of an offer being made for Bibby by a third party. "That situation still stands to-day," said Mr. Young.

On the current year's outlook Mr. Young predicted further profit growth. "I am expecting a lower profit out-turn in feeds and seeds; a modest gain in farm products and a more significant gain in both edible oils and paper and converted products." He added that he saw no reason why the group should not achieve an average of at least 15 per cent. annual growth in earnings per share over the next three years and would "significantly increase" dividends if restraint ended. A 50 per cent. increase "would not be unreasonable."

UDS ahead £3m.: begins well

AFTER RISING from £3.37m. to £4.4m. at halfway, taxable profit of UDS Group ended the January 28, 1978 year up from £16.18m. to £19.16m. Turnover for the period climbed from £295.82m. to £331.27m.

The current year has also begun well with all divisions producing higher sales and profits in the first quarter. While the directors consider it too early to accurately forecast the full year outcome, they say a continuation of the current trend would produce a significant improvement.

They say that in 1977-78 Richard Shops, Williams Timpson and John Farmer all produced improved results and indications are that this year will show further progress.

Menswear sales showed an improvement in the autumn which has since continued.

With the introduction of an extended merchandise range, and the effect of substantial shop modernisation the directors are confident the current year will produce an upturn in profits from the menswear chains. The programme of factory closures is now complete.

The department store division brought in improved sales and profits. The extension to Allders of Croydon produced higher results, and the development programme for the rest of the division will lead to progressive increases in sales and profits, directors say.

The home shopping and mail order division showed sales growth and increased profits and a drive for sales and agency growth is producing encouraging results.

Export and overseas sales, mainly from duty free shops in airports and on ships, improved to £48.9m., a £13.1m. increase. The fall in the value of the U.S. dollar deferred a corresponding increase in earnings from this source, which should come through this year.

A professional property revaluation, which will show a substantial surplus over book value, will be completed this year.

Attributable profit was £15.43m. (£15.35m.) and earnings per 25p *share are shown at 8.7p* against 8p last time. A final dividend of 3p takes the total payout to 5.1p (4.8p) net.

See Lex

Border and Southern

After tax of £468,813, compared with £484,209 previously, profit of **Border and Southern Stockholders Trust** rose from £711,541 to £804,111 in the March 31, 1978, year.

Net asset value per 50p share is shown at 386.2p (340.7p). Directors propose subdividing the shares into five 10p units. The interim dividend has already been announced.

National and Commercial Banking Group Limited

Preliminary Announcement of Results Six months ended 31 March 1978

The directors of National and Commercial Banking Group Limited report the following results for the six months ended 31 March 1978:

	6 months ended 31 March 1978 £000	6 months ended 31 March 1977 £000	12 months ended 30 Sept. 1977 £000
Operating profit			
The company and its subsidiaries	21,303	27,075	55,952
Share of associated companies	4,971	4,040	8,143
Group profit before taxation and extraordinary items	26,274	31,115	64,095
Taxation			
The company and its subsidiaries	(11,232)	(13,613)	(29,511)
Share of associated companies	(2,544)	(2,190)	(4,422)
Profit after taxation but before extraordinary items	12,498	15,312	30,162
Preference dividends	(27)	(27)	(54)
Profit earned for ordinary shareholders before extraordinary items	12,471	15,285	30,108
Extraordinary items less taxation	(140)	(1,567)	(2,779)
	12,331	13,718	27,329
Ordinary dividend	(3,090)	(2,809)	(5,918)
Retained profit	9,241	10,909	21,411
Earnings per 25p ordinary share	5.5p	6.8p	13.4p

Interim Statement

The unaudited operating profit of the company and its subsidiaries amounted to £21,303,000 for the six months to 31 March 1978 and this compares with a profit of £27,075,000 for the corresponding period in the previous year. After adding the share of associated companies' results the Group profit before taxation, of £26,274,000, was just over 15 per cent. lower than last time.

Although average volumes of both deposits and advances for the six months to 31 March 1978 were somewhat higher compared with the corresponding period last year average base rate fell sharply from 13.02 per cent. to 6.56 per cent. The resulting lower net interest earnings together with higher operating costs were only partially offset by a rise in commission and fee income between the two periods.

The increase of 23 per cent. in the share of profits from associated companies was largely due to improved results from Lloyds and Scottish Limited and Finance for Industry Limited.

Half-yearly dividends on the 11 per cent. and 5½ per cent. cumulative preference shares have been declared by the directors at the rate of 3.85 per cent. and 1.925 per cent. respectively. These dividends will be paid on 31 May 1978. The directors have also declared an interim dividend on the ordinary shares for the year to 30 September 1978 of 1.375p per share compared with 1.25p per share paid last year. This interim dividend will be paid on 3 July 1978 to those ordinary shareholders registered on 26 May 1978.

4 May 1978 — J O Blair-Cunynghame, Chairman

The Royal Bank of Scotland Limited — WILLIAMS & GLYN'S BANK LIMITED

CREDITO COMMERCIALE

MILANO (Italy)

Chairman: dott. ing. Carlo PESENTI

Vice-Chairmen: dott. ing. Ettore LOLLI, dott. ing. Giampiero PESENTI

General Manager: dott. Giuseppe LAZZARONI

Capital and reserves Lit. 56,680,954,902

BALANCE SHEET AS AT DECEMBER 31, 1977

LIABILITIES		Equivalent in million £	US$
Deposits	1,490,728,283,240	1,006	1,706
Others	174,151,715,501	117	199
Contingent Liabilities	136,662,853,364	92	156
Capital and Reserves	54,208,466,928	37	62
Net Profit for the Year	4,061,614,708	3	5
	1,859,812,933,741	1,255	2,128
Contra Accounts	558,804,801,733	377	639
	2,418,617,735,474	1,632	2,767

ASSETS		Equival in mill £	[illegible]
Cash and due from Banks at sight	201,390,876,533	136	
Official Reserves	183,374,727,406	124	
Government and other Securities	480,148,123,980	324	
Customers	595,285,963,676	402	
Premises and Equipment	26,989,309,408	18	
Others	235,961,079,374	159	
Contingent Liabilities	136,662,853,364	92	
	1,859,812,933,741	1,255	2
Contra Accounts	558,804,801,733	377	
	2,418,617,735,474	1,632	2

Net profit for the year: Lit. 4,061 million lire (increased by 33%) out of which
—*Lit. 1,500 million distributed (Lit. 150 per share; previously Lit. 120)*
—Lit. 2,450 million passed to the Ordinary Reserve

هكذا مضى الأجل

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

White Weld economist quits post

By John Wyles

NEW YORK, May 4.

MR. A. GARY SHILLING, senior economist at White Weld and Co., has resigned his post in what is believed to be the first major defection since White Weld was acquired by Merrill Lynch in the *middle of April.*

Mr. Shilling, a highly respected figure on Wall Street, is understood to have handed in his resignation soon after Merrill Lynch's surprise $50m. purchase was announced on April 14. A former employee of Merrill Lynch, he moved to White Weld after a rumoured policy disagreement with Mr. Donald *Regan, chairman of Merrill* Lynch.

Merrill Lynch has been reluctant to discuss staffing changes following the acquisition, but Wall Street has been alive with stories of White Weld analysts both hunting and being hunted for other positions. There is *considerable* overlap between analysts in the two companies, as indeed there was at the level of senior economist, a post filled at Merrill Lynch by Mr. Alvert Cox. "You only need one economist," said a source at Merrill Lynch this morning, confirming that Mr. Shilling had left.

Meanwhile, Credit Suise's option to buy out the 31 per cent. stake in the European Investment Bank, Credit Suisse *White Weld (CSWW) now held* by Merrill Lynch, becomes effective to-morrow. Although Credit Suisse, CSWW and Merrill Lynch have been discussing possible areas of co-operation, Credit Suisse is confidently expected to exercise its option during the 10 days allowed by the original Merrill Lynch-White Weld agreement.

LTV first quarter loss worse than anticipated

BY STEWART FLEMING

NEW YORK, May 4.

LTV, the U.S. conglomerate which is seeking to merge with Lykes to create the third largest steel producer in the U.S., today announced a heavy first quarter loss of $25m.

The LTV figure is almost identical with the loss of £25.9m. which Lykes itself announced earlier for its first quarter. The proposed merger is being examined by the Justice Department on anti-trust grounds, but most analysts expect it to be approved since it is being presented on the grounds that Lykes could be forced into bank*ruptcy without the alliance.*

While Lykes' problems were well known, and LTV itself suffered a loss of $59.4m. in 1977, partly as a result of the costs of closing several plants, the first quarter figures for LTV are worse than many analysts had anticipated.

LTV, which achieved notoriety as Ling Temco Vought, one of the most aggressive conglomer*ates headed by Mr. James Ling,* has in recent years cut back on the range of businesses in which it operates, and is now engaged in aerospace, foods and steel. Jones and Laughlin Steel, its steel subsidiary, is the seventh largest producer in the U.S.

In its quarterly earnings statement, LTV said that both its food and erospace units reported operating profits, but that the coal strike badly hit its steel business, with Jones and Laughlin reporting an operating loss of $15.5m. for the quarter compared with $3.1m. loss in the first quarter of 1977.

Analysts point out that in 1977 the company's food and aerospace businesses also found the going hard, with the food business losing money in 1977 and Aerospace profits down by around 12 per cent. at the operating level.

LTV officials say that they expect to share in the recovery in the steel industry which major companies are predicting for the second quarter. Heavy *steel demand has recently lifted* operating rates in the industry to around 90 per cent., according to the American Iron and Steel Institute, and LTV says that "on the basis of continuing strength in the markets for automotive and oil goods, as well as the absence of further penalties from the coal strike, the company expects its steel operations to improve substantially during the remainder of the year.

It added that there was a further decline in operating income from its Vought aerospace unit because of fewer *deliveries of military aircraft,* but its Wilson Foods unit reported an operating profit in the quarter of $1.7m. against a loss of $1.6m. a year ago, with improvements due entirely to fresh meat operations. Meat prices, especially in beef, have been rising sharply recently.

In spite of the brighter forecast, analysts say that assuming the merger with Lykes goes *through, the company* is still facing a difficult period.

Upturn at General Dynamics

ST. LOUIS, May 4.

REPORTING an increase in first quarter profit General Dynamics Corporation, the major U.S. aircraft and building materials concern, says that its aerospace units and the Quincy shipbuilding division were the major contributors to earnings. The company's coal mining operation, however, had "a substantial loss" during the quarter.

Net profits for the company rose by 4.7 per cent. to $19.8m. or $1.86 per share during the first period compared with the same period of last year.

The company notes that the 1978 first quarter includes a $1.9m. credit equal to 18 cents per share received from Federal Express Corporation. This amount was in payment of a loan previously written off plus past-due interest and dividends.
Agencies

Du Pont in Conoco deal

WILMINGTON, May 4.

DU PONT the chemicals major, has signed a letter of intent with Continental Oil on the formation of an oil and natural gas exploration partnership in Texas.

The proposed joint venture calls for a total $130m. expenditure over a five-year period.

The proposed partnership, to be called Conoco-Du Pont *Exploration, would be operated* by Continental Oil and owned two-thirds by Continental and one-third by Du Pont.
AP-DJ

Teledyne stake sold

CINCINNATI, May 4.

CERTAIN American Financial Corporation subsidiaries have sold 445,050 shares of Teledyne, according to Mr. Carl H. Lindner, chairman and president of American Financial.

The sale, to Teledyne, was worth about $40m. based on the current market price of Teledyne stock. The purchase price is payable in cash and notes.
AP-DJ

Phoenix Steel predicts profit

WILMINGTON, May 4.

PHOENIX STEEL Corporation president Mr. Eugene D. Hug told the annual meeting that the *company "can achieve profit*ability in the second quarter" of this year, marking the first time the company has had a profitable quarter since the first period of 1975.

The positive outlook is due to increased volume and "continued progress in our operating efficiency." In the second quarter of last year the company had a net loss of $3.1m. on sales of $22.2m.
AP-DJ

Heinz offer agreed by Weight Watchers

BY DAVID LASCELLES

NEW YORK, May 4.

H. J. HEINZ, the major food company which is in the process of building up its home base after years of expansion abroad, to-day announced that it had reached an agreement in principle to buy Weight Watchers International, a large diet food maker, based on Long Island. This is Heinz's second acquisition this year, underlining its new interest in the U.S. market.

To-day's announcement said that Heinz would buy Weight Watchers for $24 a share, totalling $71m., subject to the approval of the Boards of both companies and to the satisfaction of Heinz "as to certain aspects of Weight Watchers' business."

Weight Watchers' sales last year were $39.2m. and produced earnings of $3.7m. As its name implies, the company capitalises on the enormous market created by weight-conscious Americans.

It operates mainly by selling licences to food manufacturers to produce diet foods in line with Weight Watchers' specifications and bearing the Weight Watchers trade mark. But it markets these foods mainly through weight loss classes, which it runs either itself or through franchises both in the U.S. and abroad.

However, one of the conditions attached to Heinz's acquisition is that Weight Watchers amend its licence agreement with Foodways National, the company which Heinz bought in February for approximately $50m., in order to avoid conflict.

Foodways, whose sales reached $38m. last year and earnings $3.9m., is a major producer and marketer of frozen meals, bouillon cubes and sugar substitutes bearing the Weight Watchers trade mark.

At the time, Mr. R. Burt Gookin, vice-chairman and chief executive officer of Heinz, said that the acquisition of Foodways would open the way for Heinz into the weight control and nutritional fields.

Brazil investment rise

BY DIANA SMITH

RIO DE JANEIRO, May 4.

FIXED investment in industrial projects approved by Brazil's Council of Industrial Development picked up by an average 9 per cent. in the first quarter of 1978.

The total for the period was $426m., compared with $389m. in the first quarter of 1977. Official figures show that an 80 per cent. drop in fixed investment in projects for the basic metal and intermediary metal industries was offset by a 90 per cent. rise in fixed investment in capital goods and a 796 per cent. rise in investment in non-metallic sectors like cement, paper and pulp.

Investment in the car and car-parts industry rose by 102 per cent., in spite of restrictions on fuel; however, reflecting the Government's call for a decrease in consumer demand, investment in consumer goods projects rose by a modest 20 per cent.

In contrast to the first quarter of 1977, when no projects were approved in the chemicals, petrochemical, and pharmaceutical sector, a total of $87m. has now been approved.

Three foreign enterprises—Union Carbide, which plans to set up a ethyl-cellulose plant ($27.8m.), Hoechst, which plans an organic pigment plant ($14m.), and Dow Chemical, which plans a research centre, account for the bulk of this increase.

Advance at Can Pac Investments

By Robert Gibbens

MONTREAL, May 4.

CANADIAN Pacific Investments, holding company for the non-rail interests of the Canadian Pacific Group, earned $C53.5m. ($U.S.47.5m.) or 88 cents a share, in the first quarter against *$C43.2m. or 72 cents, a year* earlier.

Improvements came in the oil and gas, iron and steel forest products subsidiaries, but most of the increase in earnings came from 87 per cent. owned Pan-Canadian Petroleum, because of high production of oil and gas and higher prices.

Mines and minerals operations earned less and the hotel subsidiary showed a net loss. The improvement in earnings overall is not expected to be the pattern for the whole year, the company says CPI continues to be interested in further expansion in the U.S. because of a continuing unfavourable climate in Canada.

Royal Bk. of Canada

THE Royal Bank of Canada, the largest bank in the country, is offering $C60m. of eight-year debentures at par in the domestic market through an investment group headed by Wood Gundy, writes Robert Gibbens from Montreal.

Canadian Bank rights

Canadian Imperial Bank of Commerce proposes a 1-for-8 rights issue at $C24 *a share* to raise $C104.5m., Reuter reports from Toronto. The new share offer is not being registered in the U.S.

Bell and Howell

Bell and Howell is optimistic about its future, Mr. Donald N. Frey, chairman and chief executive officer, said in remarks prepared for the annual meeting, AP-DJ reports from Chicago.

Imasco-Koffler

Imasco, the tobacco to foods group, says that more than 90 per cent. of the class "A" and class "B" shares of Koffler Stores have been tendered under its offer which has been extended until May 31, AP-DJ reports from Montreal. Assuming all Koffler's 7.2m. shares are tendered, the offer has a total value of $65m.

Alcoa price increase

Aluminium Company of America (Alcoa) is leading an increase in the price of can sheet aluminium, with a 3.4 per cent. rise, it was confirmed by Mr. Jack Diederich, Alcoa's general manager, product sales, AP-DJ reports from Evansville. Customers were informed of the rise on Tuesday.

Arabs 'may buy Corco refinery'

NEW YORK, May 4.

AN ARABIAN group, First Arabian Corporation, is reported to be discussing the purchase of a controlling interest in the Puerto Rican refinery of the troubled Commonwealth Oil Refining Company.

Mr. Roger E. Tamraz, chairman of First Arabian, a Luxembourg-chartered holding company controlled by Middle East investors, confirmed in an interview published in the New York Times that he had discussed the possibility of buying into Corco, which has refining operations and petrochemical plants in Puerto Rico and which has filed *for court protection under the* Federal Bankruptcy Act.

First Arabian's discussions were with Tesoro Petroleum Corporation, the Texas-based oil and gas company which holds 36.7 per cent. of Corco, the largest single holding.

Meanwhile, a U.S. judge in San Antonio, Texas, has removed a federal bankruptcy judge handling Corco's proceedings under Chapter 11 of the bankruptcy laws.

The removal, which was ordered by Chief U.S. District Judge Adrian A. Spears, followed a motion filed by the *Puerto Rican government alleg*ing that the judge concerned, Judge Bert W. Thompson, had made derogatory remarks about Puerto Ricans.

A further motion from the Puerto Rican government, requesting the transfer of proceedings from San Antonio to San Juan in Puerto Rico, will be heard in the San Antonio court on May 15. Although Corco is based in San Antonio, it operates a $1bn. oil refinery and petrochemical complex in Puerto Rico.
Agencies

BRIEFLY

Steady progress at Ahmanson

REPORTING FIRST quarter net profits, **H. F. Ahmanson** says the per share amount comes to $1.14 against 83 cents last year. **Monarch Machine Tool** was similarly ahead with $1.12 against 76 cents while **Chicago Pneumatic Tool** showed 95 cents, up from 39 cents for the previous year's first period. At **Maryland Cup Corporation,** the gain was from 55 cents a share last time to 58 cents this year, while **Niagara Mohawk Power** came in with 78 cents against 77 cents.

Also for the first quarter, **Jefferson-Pilot Corporation** reports a gain to 81 cents a share from the 75 cents last time while **Emery Air Freight** showed 65 cents against 53 cents. **Charter Compan** was also ahead with a net of 14 cents a share against a net from continuing operations last time of 6 cents. **Southern New England Telephone** reports *a gain with $1.43 going against* $1.05.

Boom in retail sales continues

NEW YORK, May 4.

LEADING U.S. retailers have continued to produce rising sales figures for April, with the notable exception of F. W. Woolworth, whose consolidated sales for the 4 weeks to April 25 at $404m. showed a decline of 0.8 per cent. in last year's comparable figure of $407m.

Sears Roebuck saw its gross sales for the four-week period to April 29 increase by 13 per cent. on the 1977 figure to a peak $1.52bn., boosting the total for the 13 weeks to that date by 13 per cent. to a record $4.52bn.

J. C. Penney featured with a 19.6 per cent. increase in April sales from the 1977 level, making a first quarter sales gain of 20.5 per cent. Volume for the four weeks to April 29 was a record $715m., against $598m. for the comparable period last year which included Easter, while first quarter sales reached a peak $2.17bn., against $1.80bn. last year.

K Mart Corporation reports from Troy, Michigan, that sales for the four weeks ended April 26 were $793.9m., against $738.6m. for the same period last year. This boosted figures for the 13-week period to that date by 12.6 per cent., from $2.02bn. to $2.28bn.

Meanwhile, in Chicago, Montgomery Ward, a unit of Mobil Corporation, said sales for the four weeks ended April 29 rose 8.4 per cent. to $373.1m., $344.1m. a year ago. First quarter sales rose 6.5 per cent. to $1.08bn from $1.01bn. a year earlier.

In St. Louis, May Department Stores reported April sales of $170.4m., an increase of 8.2 per cent. over last year's $157.4m. For the 13 weeks, sales increased 7.1 per cent. to $508.4m. from $474.7m.

Carter Hawley Hale Stores boosted its April sales by 21.8 per cent., from $97m. to $118.2m. This boosted first quarter sales by 11.8 per cent., from $307.9m. *in 1977* to $344.3m.
Agencies

Tyco lifts Cutler stake

NEW YORK, May 4.

TYCO Laboratories has bought *an additional 350,700 shares* of Cutler-Hammer common stock, boosting its ownership in the company to 1,416,200 shares or about 24 per cent.

According to a schedule 13D, filed with the Securities and Exchange Commission, Tyco said it bought 179,700 shares on Monday and on Tuesday another 171,000. The Tuesday purchases *on the open market were at prices* ranging from $47.50 a share to $48.

Last Friday, a Federal court denied injunctions against Tyco and Koppers from purchasing additional Cutler-Hammer shares. Koppers at the time owned the equivalent of 21.1 per cent. of Cutler-Hammer's stock, including 650,000 convertible preferred shares.

Koppers had no comment on Tyco's purchase. Koppers said it has not purchased any additional Cutler-Hammer shares since last Friday when a Federal Court denied injunctions against Tyco and Koppers from adding to their stakes.
AP-DJ

U.S. QUARTERLIES

ALBERTA GAS TRUNK		
First Quarter	1978 $C	1977 $C
Revenue	106.0m.	86.0m.
Net profits	18.0m.	15.0m.
Net per share	0.49	0.43

HILTON HOTELS		
First Quarter	1978 $	1977 $
Revenue	141.0m.	121.0m.
Net profits	20.0m.	13.0m.
Net per share	1.54	0.88

TELEPROMPTER		
First Quarter	1978 $	1977 $
Revenue	—	—
Net profits	2.0m.	1.0m.
Net per share	0.15	0.07

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9½pc 1989	96½	97½
AMEV 8pc 1987	97¼	98
Australia 8½pc 1992	94¼	95
Australian M. & S. 9½pc '92	97¾	98¼
Barclays Bank 8½pc 1992	97	97½
Bowater 9½pc 1992	97½	98½
Can. N. Railway 8½pc 1986	97½	98
Credit National 8½pc 1986	97½	98
Denmark 8½pc 1984	100	100½
EIB 8½pc 1992	98½	99½
EMI 9½pc 1989	98¼	99
Ericsson 8½pc 1989	96½	97½
Esso 8pc 1986 Nov.	101½	102
Gt. Lakes Paper 8½pc 1984	98½	99½
Hamersley 9½pc 1992	100	100½
Hydro Quebec 9pc 1992	95½	96½
ICI 8½pc 1987	97½	98½
ISE Canada 9½pc 1986	104½	105
Macmillan Bloedel 9pc 1992	96	96½
Massey Ferguson 9½pc '91	97	98
Michelin 9½pc 1988	102	102½
Midland Int. Fin 8½pc '92	98½	99
National Coal Bd. 8pc 1987	94½	95½
National Wstmnstr. 9pc '86	101½	102
Newfoundland 9pc 1989	99½	100½
Nordic Inv. Bk. 8½pc 1988	98½	99½
Norges Kom. Bk. 8½pc 1992	97½	98½
Norpipe 8½pc 1989	96½	97½
Norsk Hydro 8½pc 1992	96	96½
Oslo 9pc 1988	100½	101½
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1995	95½	96½
Prov. Saskatch. 8½pc 1986	99½	100½
Reed International 9pc 1987	93	95
RHM 9pc 1992	93½	94
Selection Trust 8½pc 1989	91	92
Skand. Enskilda 9pc 1991	99½	100½
SKF 8pc 1987	93½	94
Sweden (K'dom) 8½pc 1987	96½	97
United Biscuits 9pc 1989	99	99½
Volvo 8pc 1987 March	93	93½

NOTES	Bid	Offer
Australia 7½pc 1984	96	96½
Bell Canada 7½pc 1987	95	95½
Br. Columbia Hyd. 7½pc '85	93½	94½
Can. Pac. 8½pc 1984	99½	100½
Dow Chemical 8pc 1986	94	95½
ECS 7½pc 1982	96½	97½
ECS 8½pc 1989	95½	96½
EEC 7½pc 1982	97	97½
EEC 7½pc 1984	96	96½
Enso Gutzeit 8½pc 1984	97½	98
Gotaverken 7½pc '982	97½	99½
Kockums 8pc 1983	97½	98½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8½pc 1981	100½	101½
New Brunswick 8pc 1984	97½	98½
New Bruns. Prov. 8½pc '83	100½	101
New Zealand 8½pc 1986	98½	99½
Nordic Inv. Bk. 7½pc 1984	96½	97
Norsk Hydro 7½pc 1982	97½	98
Norway 7½pc 1982	96½	97
Ontario Hydro 8pc 1987	95½	99½
Singer 8½pc 1982	100½	101
S. of Scot. Elec. 8½pc 1981	99½	100½
Sweden (K'dom) 7½pc 1982	97	97½
Swedish State Co. 7½pc '82	97½	98
Telmex 9½pc 1984	99½	100½
Tenneco 7½pc 1987 May	94½	95
Volkswagen 7½pc 1987	95½	96

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	90½	91½
Citicorp 10pc 1993	91½	92½
Courtaulds 9½pc 1989	90½	91½
ECS 9½pc 1989	94½	95½
EIB 9½pc 1988	94½	95½
EIB 9½pc 1992	94	95
Finance for Ind. 9½pc 1987	91	93
Finance for Ind. 10pc 1989	91½	92½
Fisons 10½pc 1987	94½	95½
Gestetner 11pc 1988	94½	95½
INA 10pc 1988	90½	91½
Rowntree 10½pc 1988	90½	91½
Sears 10½pc 1988	90½	91½
Total Oil 9½pc 1984	93	94

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	97	97½
BNDE 6½pc 1988	96	96½
Canada 4½pc 1983	98½	99
Den Norske Id. Bk. 6pc '90	97½	98½
Deutsche Bank 4½pc 1983	97½	98½
ECS 5½pc 1990	95½	96½
EIB 5½pc 1990	95½	96
Elf Aquitaine 5½pc 1988	95½	96
Euratom 5½pc 1987	97½	98½
Finland 5½pc 1986	97½	98½
Forsmarks 5½pc '990	97½	98½
Mexico 6pc 1985	95½	96
Norcem 5½pc 1989	99½	100½
Norway 4½pc 1983	99	100
Norway 4½pc 1983	97½	98½
PK. Banken 5½pc 1988	95½	96
Prov. Quebec 6pc 1990	96½	97½
Rautaruukki 5½pc 1988	96	97
Spain 6pc 1988	95½	96
Trondheim 5½pc 1988	97½	98
TVO Power Co. 6pc 1988	97½	98
Venezuela 6pc 1988	96½	97½
World Bank 5½pc 1990	98	96½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 7 13/16pc	99½	100½
BFCE 1984 8½pc	99½	100½
BNP 1983 8 1/16pc	100½	101½
CCF 1983 8pc	100	100½
CGMF 1984 7½pc	99½	99½
Creditanstalt 1984 7½pc	99½	100½
Credit Lyonnais 1982 8pc	100	100½
DG Bank 1982 7 15/16pc	100½	100½
GZB 1981 8 1/16pc	100½	101½
Intl. Westminster 1984 8pc	99½	100½
Lloyds 1983 7½pc	100½	100½
LTCB 1983 8pc	99½	100½
Midland 1982 8pc	101	101½
Midland 1987 7 11/16pc	99½	100
OKB 1983 7½pc	100	100½
SNCF 1985 8½pc	99½	99½
Std. and Chtrd. '84 7 11/16pc	99½	100½
Wms. and Glyn's '84 8 1/16pc	99½	100½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	87½	89
Ashland 5pc 1988	95½	97
Babcock & Wilcox 6½pc '97	99½	100½
Beatrice Foods 4½pc 1992	98	99½
Beatrice Foods 4½pc 1992	105	107
Beecham 6½pc 1992	95½	96½
Borden 5pc 1992	100½	102
Broadway Hale 4½pc 1987	78	79½
Carnation 4pc 1987	78	79½
Chevron 5pc 1988	137	138½
Dart 4½pc 1987	79½	81
Eastman Kodak 4½pc 1988	94½	96
Economic Labs. 4½pc 1987	77½	79
Firestone 5pc 1988	82	83½
Ford 5pc 1988	91½	93
General Electric 4½pc 1987	86	87½
Gillette 4½pc 1987	77	78½
Gould 5pc 1987	112½	114
Gulf and Western 5pc 1988	86	87½
Harris 5pc 1992	163	165
Honeywell 6pc 1986	88	89½
ICI 6½pc 1992	87	88
INA 6pc 1997	94½	96
Inchcape 6½pc 1992	114½	115½
ITT 4½pc 1987	83	84½
Jusco 6pc 1992	112	113
Komatsu 7½pc 1990	127½	128½

Source: Kidder, Peabody Securities.

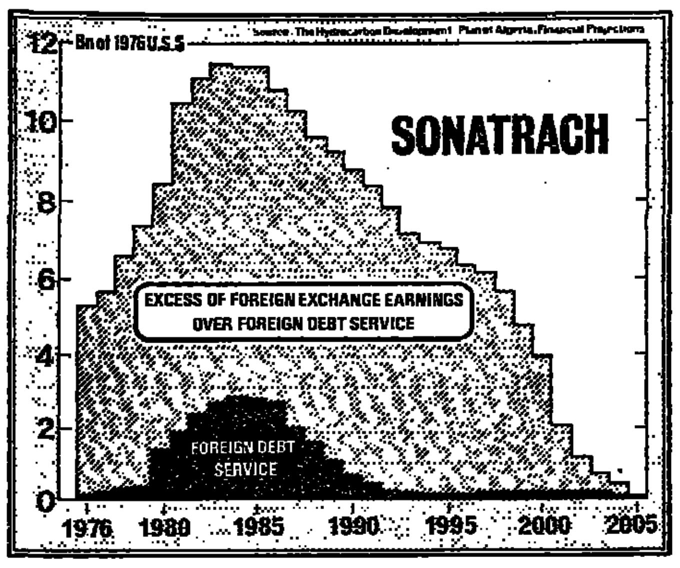
INTERNATIONAL FINANCIAL AND COMPANY NEWS

LENDING TO ALGERIA

Financing Sonatrach until 2005

BY FRANCIS GHILES, RECENTLY IN ALGIERS

SONATRACH, the Algerian State oil company, intends to raise $3.1bn. in foreign loans this year, a further $3.2bn. next year and $2.8bn. in 1980. By 2005 it will have raised, if all goes well, $17.3bn. in hard currency. Meanwhile repayment of foreign debt will rise from $122m. annually to $2.06bn. in 1984 and 1985. Thereafter it will decline, falling to less than $1bn. after 1988.



These figures ensure that Algeria, which has been an active Euromarket borrower, will remain in the top league for the next decade, the period in which its loans will be concentrated. These figures appear in an exhaustive study—"The Hydrocarbon Development Plan of Algeria—Financial Projections. 1976-2005"—prepared by Sonatrach and Bechtel Corporation, a major contractor for Algeria's gas industry.

This report, which is itself based on DeGolyer and MacNaughton's "Report on Oil, Gas, Condensates and LPG Reserves of Algeria" completed last August, is currently being presented to bankers and senior officials from central banks and export credit organisations throughout Europe, North America and Asia. Dillon Read is advising Sonatrach throughout this operation.

The report states that if developments in the gas sector particularly go according to plan, the net foreign exchange inflow to Sonatrach over the next ten years will oscillate between $8bn. and $9bn. every year (last year that figure was just over $5bn.). Costs however will be incurred essentially over the next eight years (85 per cent. of the projected $33.4bn. investment).

Foreign revenues from oil will be greater than those from gas only until 1981. Most of the investment will go to the gas sector, and demands on the banks will be large.

About two-thirds of the hard currency Sonatrach needs in the next three years is expected to come from export credit organisations. Most see no difficulty in lending the amounts Algeria needs: the U.S. Eximbank is prepared to double its present exposure in Algeria, which is not far short of $900m., if contracts currently being negotiated are confirmed. This is a remarkable development considering that the bank did hardly any business with Algeria, which is now its seventh most important client, until the beginning of the decade.

The Japanese Eximbank should have no problem either, especially in view of the fact that Algeri absorbed 10 per cent. of the exports of Japanese capital goods last year, and looks like repeating that performance this year. The Canadian and Italian export credit organisations have all made room for more Algerian risk.

In Paris, Coface (the French export credit agency) was faced with a problem of a different nature, at least until recently. Algeria was not using all the facilities Coface was prepared to offer because, as a result of bad relations between the French and Algerian governments, French contractors were being awarded ever fewer contracts.

The UK's Export Credits Guarantee Department has easily been the most cautious, but there are signs of a reappraisal. The U.K.'s trade with Algeria is small but the departure of a British mission to Algeria last Wednesday suggests that attempts will be made to increase it.

Sonatrach is currently negotiating at least $1bn. worth of credits in the international financial markets. The smallest loan, for $170m., is being privately arranged. Two $250m. loans are being arranged, one managed by a group of six banks, the other by Toronto Dominion. All three will carry the guarantee of the Banque Algerienne de Developpement, the only one of the three leading Algerian banks the charter of which allows it to give a sovereign (State) guarantee.

Attention is currently focussing more than in the past on the nature of the guarantees. Banks are divided on the question of whether, in a country like Algeria where all major companies (and certainly all companies which borrow in hard currency) are state-owned, it really makes much difference whether they get a sovereign guarantee or one from the two other leading banks, the Banque Extérieure d'Algérie (BEA) or the Banque Nationale d'Algérie (BNA).

Those who insist that a sovereign guarantee is of the higher quality have good reasons. One is that it makes the package look more attractive in the market. Secondly, it makes the bank management's task with its Board of directors — in the case of U.S banks — much easier.

Those banks which are more relaxed about the kind of guarantee they get argue that all is in the hands of the State in Algeria. If one Algerian borrower, particularly Sonatrach, failed to pay, it is by no means clear that those banks which have loans outstanding under a sovereign guarantee would be at an advantage — and be repaid earlier — than those with loans outstanding which caried a BNA or a BEA guarantee.

They also point out that any hiccup in repayments would have immediate consequences through the play of cross default clauses: supplier and export credits would dry up overnight.

M. Seghir Mostefaï, the Governor of Algeria's Banque Centrale, argues forcefully that in the event, which he regards as unthinkable, that an Algerian borrower should default, the arguments about the respective value of the guarantees which Algerian banks provide are legal niceties which mean little. He argues that banks which know Algeria well view it as a serious partner, which has always been scrupulous in its behaviour.

Some bankers, who agree with him wonder why giving sovereign guarantees is such a sticking point for Algeria. They also point out however, that this would not necessarily give more security. It is the Banque Centrale which holds the reserves: were there ever difficulties, none of the banks which give guarantees have their hands on hard currency. The circle is thus squared.

Apart from the question of guarantees the other major problem troubling bankers is the confusion in the way Algeria and, in particular Sonatrach, comes to the market.

Deals are often negotiated without apparent co-ordination and without information about one loan being passed on to the banks arranging the others.

This is a long standing complaint about the way Algeria handles its relationships with the Euromarkets and banks are disappointed that, despite the creation last year in Algiers of a committee to co-ordinate foreign borrowing, it looks as if confusion will continue to prevail.

Second half downturn for Cold Storage

By H. F. Lee

SINGAPORE, May 4.

GROUP PRE-TAX profit at Cold Storage Holdings slipped by about 1 per cent. to S$21.43m. (SU.S.9.2m.) in the year ended January, 1978.

The preliminary statement by the group gave no indication of the reasons for the decline, however, which came on top of a 7 per cent. increase in turnover to S$193.5m. ($U.S.83m.).

At the interim stage the group, which is a leading food wholesaler and retailer in Singapore, reported increases in group turnover and pre-tax profit of 9 per cent. and 3 per cent respectively, and forecast a marginal improvement in profit for the full year.

The second half appeared to have been more severely affected by factors cited by the group then as affecting its profitability in the first half—increasing raw material costs, price restraints and increased competition.

The directors have proposed a final dividend of 6 cents per 10p share, making a total of 10.5 cents for the year, unchanged from the previous year.

Jardine sells Khinco unit

By Our Own Correspondent

SINGAPORE, May 4.

JARDINE MATHESON AND CO. (South East Asia) has agreed to sell its wholly owned subsidiary, Khinco (Singapore), to a private local company, Office Equipment Manufacturers, for S$4m. ($US1.7m.) in cash.

Khinco, which is involved in manufacturing steel furniture and storage systems, has an issued capital of S$695,558 and last year sustained a loss of S$116,637 ($US50,000).

Khinco was originally acquired by Jardine for S$4.33m., including an element of goodwill which has since been written off.

Jardine stated that the financial implications of this transaction have been taken into acount in fixing the terms of the offer already announced to acquire the minority shareholdings in Jardine Matheson and Company (South East Asia).

The total consideration, which will be adjusted to reflect Khinco's actual net current assets at the date of completion of the sale, is to be settled by an initial deposit of S$1.5m. and the balance in three annual instalments with interest chargeable.

The proceeds will be applied to reduce the group's debt and interest charges.

Jardine decided to sell the subsidiary because it felt that as the group's only light industrial operation, Khinco was not compatible with other group companies activities and the management concentration and support required were not justified.

● Our financial staff writes: The reconstruction of Jardine Matheson (south east Asia)—plans for which were announced last month—will be carried out by the issue to the minority shareholders of $HK2.90 nominal of 8¾ per cent. guaranteed unsecured loan stock, 1985 for each cancelled Ordinary share, under proposals released by the Jardine group.

This will involve the issue of $HK39.18m. nominal of the loan stock by a newly incorporated Singapore company, Jardine Matheson Investments (South East Asia), which will be wholly owned within the Jardine group. Shareholders not wishing to accept the loan stock, for which quotation is being sought on the Singapore and Kuala Lumpur stock exchanges, are offered a cash payment at "a small discount" on the nominal value of the loan stock.

Insurance side fuels rise at Australian Guarantee

BY JAMES FORTH

SYDNEY, May 4.

AUSTRALIAN Guarantee Corporation — Australia's largest finance company, and a partly-owned subsidiary of the Bank of New South Wales—raised group profit 27.6 per cent. from $A17.58m. to $A22.48m. ($U.S. 25.4m.) in the March half-year. The directors said that the growth had been achieved despite subdued demand. In fact, earnings outpaced the growth in receivables, with gross receivables increasing 16.3 per cent. to $A2.42bn. and net receivables by 15.4 per cent. to $A1.86bn.

The directors forecast a slower growth rate in receivables in the second half-year, and expect that the profit will be broadly in line with the first half's. This indicates an increase of almost 14 per cent. in earnings compared with second-half of 1976-77, and a 20 per cent. increase for the full year to September, from $A37.44m. to $A44.8m.

The continuing strong performance by AGC points to further solid growth by the Bank of NSW, which owns 53.3 per cent. of the financier's capital. The bank, which is expected to report within the next two or three weeks, normally receives about 35 to 40 per cent. of its profits from AGC. The interim dividend is held at 3.75 cents a share, and is payable on capital increased last year by one-for-ten and two-for-five cash issues.

The directors said that demand for the group's services had been generally at a more subdued level. A reduction in the inflation rate had also influenced the overall growth in dollar terms, and the Board considered that the growth in receivables and profit was "most satisfactory."

Unlike many other major financiers, AGC had a relatively small involvement in property during the boom years, and escaped the effects of the collapse in the property market.

Bad debts written off rose from $A6m. to $A6.7m., which represented a steady percentage of net receivables, while the provision for doubtful debts was increased by $A2m. to $A21.3m.

The ratio of net receivables giving regular monthly repayments of principal and interest (hire purchase, personal loans, mortgages of owner occupied dwellings and commercial leasing) was 69 per cent. at the end of March, an increase of 2 per cent. since September last year.

The finance group contributed significantly to the profit improvement, mainly as a result of increased income flowing from a higher receivables base.

The insurance group again made a solid contribution, lifting earnings from $A4.1m. to $A4.7m. General economic conditions and severe competition within the industry caused a small decrease in gross premium income, which totalled $A34.6m. compared with $A34.9m. a year earlier.

The result was after forgoing interest of $A3.7m. on real estate loans where recovery of interest was considered doubtful. A total of $A2.8m. was forgone in the same previous period. Loans in this category have been written-down to $A34.5m., or only 1.9 per cent. of group net receivables. This is well below the percentage of problem real estate loans for many other financiers.

Fall at Bank of Adelaide

By Our Own Correspondent

SYDNEY, May 4.

THE BANK of Adelaide suffered a slight downturn in group profit for the March half-year despite a 10 per cent. increase in gross income. Profit fell from $A3.53m. to $A3.46m. ($US3.9m.). This appears to be largely due to the wholly-owned finance company, Finance Corporation of Australia, which reported a 5 per cent. decline to $A2.1m. for the first-half.

Gross income for the period rose from $A20.2m. to $A2[illegible]m. The decline interim dividend is maintained at 7 cents a share.

Seacorp lifts profit and dividend

BY WONG SULONG

KUALA LUMPUR, May 4.

SOUTHEAST ASIA Development Corporation (Seacorp), the Malaysian finance and investment company, has reported a pre-tax profit of 4.6m. ringgits ($US 1.9m.) for the year ended January 1978—40 per cent. higher than for the previous year.

A final dividend of 25 per cent. is declared, raising the year's total from 35 to 40 per cent. Since 1974, the company's dividends had risen steadily from 15 per cent.

On current market prices, the shares yield 7.8, making it the second highest yield finance stock on the Kuala Lumpur and Singapore exchange.

The parent company's performance during the second half was particularly encouraging, with pre-tax profits amounting to 1.57m ringgits, compared with 277,000 ringgits in the first half.

The group's turnover increased by 10 per cent. to 2.3m. ringgits ($US962,000) while its three major subsidiaries—a discount house and two unit trusts—also turned in creditable results.

About 42 per cent. of Seacorp's equity is held by Malaysian International Merchant Bankers Berhad.

NBT sale

THE NORTH BORNEO Timber Companies is selling off its stake of 8.55 per cent. in Harper Gilfilan Berhad, the trading company, and is using the proceeds for its reforestation programme, writes Wong Sulong from Kuala Lumpur. The buyer is the Private Investment Company for Asia (PICA).

NBT will sell its 1.15m. Ordinary shares at 3.10 ringgits each, and 1.65m. loan stocks at 1.12 ringgits each. A capital gain of 914,000 ringgits is expected on the sale worth some 5.4m. ringgits ($US2.3m.).

First long term loan raised in Malaysia

By Our Own Correspondent

KUALA LUMPUR, May 4.

A CONSORTIUM of 18 Malaysian banks and financial institutions have issued, for the first time in the Malaysian capital market, a long term loan amounting to 50m. Ringgits ($US20.9m.).

The loan, for 15 years, is for the National Electricity Board and is managed by Amnah-Chase Merchant Bank. Previously, funds raised in the Malaysian capital market are of short or medium term duration of up to 10 years.

The interest rate for the NEB loan is believed to vary from 7 and 8.125 per cent., with 7.95 per cent. as the average. The Malaysian prime rate is 7.5 per cent., and the very favourable rate which the NEB received is a reflection of the high liquidity facing Malayan banks.

The Malaysian Treasury to-day announced its first loan stock of 650m. ringgits for 1978. It offers four securities with a three, five, 10 and 15-year maturity, bearing yearly interest rates of 6.125, 6.375, 7, and 7.625 per cent. respectively.

Last year, the Government raised 2bn. ringgits in the local market through three loans, all of which were over-subscribed, despite lower interest.

INTL. FINANCIAL AND COMPANY NEWS

Heavy Fiat investment programme

By Paul Betts

ROME, May 4.

)ESPITE the Fiat group's commitment to invest some L3,000bn. ($3.46bn) over the next three years, Sig. Giovanni Agnelli, chairman of the Turin-based company called to-day for "realistic attempts" by by the Italian authorities to solve the structural weakness of the country's economy.

'ailing this any development could be severely threatened, he told the annual shareholders meeting. Sig. Agnelli also advocated a community industrial policy focused on technologically advanced sectors and he stressed the need to curb excess production capacity and rationalise operations on a European level.

ast year Fiat reported a profit of L63bn. against L66bn. in 1976 and effected investments totalling L1,001bn.. In large measure, however, Fiat's reported profits are due to the group's healthy financial position rather than to the performance of its various operational sectors. The dividend is L150 per share plus a bonus issue of one Preference share for every 100 shares held (whether Preference or Ordinary).

'iat unit car sales last year totalled 1.3m. representing a 1.4 per cent. increase. Exports, particularly to the European market, represented nearly 50 per cent. of the total. According to Sig. Agnelli, European car demand increased last year by 6 per cent., while in the U.S. the increase totalled 10.6 per cent. with Italy rising barely 3.5 per cent.

'iat unit sales on the Italian market totalled some 1.2m. last year around 20 per cent. down on pre-energy crisis levels. Domestic demand this year was expected to total 1.3m. units.

'espite the world steel recession, the company's steel interests, grouped in the Teksid subsidiary, reported relatively satisfactory results mainly due to Fiat's steel renewal programme which concentrated on the production of special steels.

Italian banks expand deposit bases

THE CONTINUING trend of bank profits and expansion of deposits in Italy was confirmed to-day in the balance sheets of three important commercial banking institutes, writes Paul Betts from Rome.

'he Siena-based Monte dei Paschi reported net profits of L7.7bn. and an increase of nearly 18 per cent. in deposits which totalled some L8,784bn. at the end of 1977.

'nother Tuscan bank, Banca Toscana, reported a 36.6 per cent. increase in profits of L3.7bn. Deposits totalled L2,556bn., or a 26 per cent. rise on the year before.

'he trend, however, was not as marked in the case of the Banco di Sicilia, which reported profits of L2bn. last year compared to L2.2bn. in 1976.

Hoechst sees problems continuing

BY RHYS DAVID

FRANKFURT, May 4.

HOECHST, the West German chemical group, is expecting another difficult year in 1978 with sales and profits unlikely to improve much on the disappointing results for 1977.

Weak demand and the strength of the Deutschemark against the dollar have hit the company in home and export markets and some of the problems already affecting the fibres sector have spread into plastics.

This gloomy view was given in Frankfurt by Hoechst management Board chairman Dr. Rolf Sammet. Total sales for the group worldwide in 1977 reached DM23.298bn., down slightly from DM23.485bn. Profits before tax, however, were down more steeply to DM1.086bn. ($524m.) from DM1.376bn.

Sales in the first quarter of 1978 amounted to DM5.880bn. against DM5.84bn. a year ago, and were only marginally ahead of the quarterly average for the whole of last year. Parent company net profits slid by 25 per cent. in the first three months to DM157m. ($75.7m.).

The main problem area for Hoechst — the first of the big three German chemical companies to publish its results in detail — remains fibres, which last year accounted for around 8 per cent. of total sales. On the German side, pre-tax losses on fibres last year increased from DM62m. to DM157m. and in Hoechst worldwide from DM169m. to DM241m., though these figures include non-recurring costs of a number of closures. Fibre losses have been cut back in the U.S.

Dr. Sammet said the coming agreement between fibre producers in Europe to restrict capacity and output could bring some relief, but a return to normal would still be slow. Hoechst itself has already closed down several units and reduced its employment in this sector by 25 per cent.

The other main worry is the rise of the D-mark, which makes it much easier for chemical imports to penetrate the German market and hampers exports.

Hoechst's main strength in 1977 was again pharmaceuticals, representing some 16 per cent. of turnover.

Dr. Sammet said the chemical industry might see some growth in output in 1978, but declining prices could still lead to lack of growth in sales.

Although group sales edged up in the first quarter, total sales by the Hoechst AG parent, at DM2.273bn., were down 6.2 per cent. and export sales were 7.8 per cent. lower. A profit upswing is forecast for the second half leading to better utilisation of capacity—currently about 75 per cent. in Hoechst AG—and a reduction in costs.

Export strains at Brown Boveri

BY ADRIAN DICKS

MANNHEIM, May 4.

BROWN BOVERI the West German affialate of the Swiss group, expects a further rise in sales in 1978, but the chairman, Herr Hans Goehringer, warned that West German engineering companies are "now truly facing difficulties" in their major export markets.

After the end of 1978, the BB management expects to see some run-down in foreign sales from the 45 per cent. of last year's DM3.8bn. total for which they accounted. Competition from "soft currency" countries, particularly Italy, had now reached a point where the company could not fight back, especially on major industrial plant contracts with a lead-time of several years.

In one recent deal which he did not name, Herr Goehringer said Italian competitors had undercut the company's best offer by over 25 per cent.

At the end of March BB, whose main lines of business include heavy electrical equipment, power transmission and switchgear apparatus and nuclear plant, had an order book worth DM6.7bn. This was about DM200m. more than a year previously, but Herr Goehringer underlined the difficulties of close comparison since a few large orders could easily distort the picture.

For the current year, BB hopes to clinch several such orders, including large conventional power station contracts in Brazil that have been under discussion for several years, as well as firm orders for domestic nuclear plants that have been delayed by West Germany's long political hesitations over atomic energy.

Herr Goehringer said that although the industry could—and must—understand these delays, it must begin to see firm orders come in by the end of the year, or face the prospect of laying off workers. The position has not been made any easier by a slower outlook for other lines of heavy machinery in recent months, typefied by a smaller number of orders from OPEC countries in 1977.

Alfa-Laval outlook dull

BY WILLIAM DULLFORCE

STOCKHOLM, May 4.

ALFA-LAVAL expects lower earnings this year. Investment trends are still weak in most branches, in which the Swedish farm and dairy equipment and industrial separator group is active, states the 1977 annual report.

Alfa-Laval made a similar forecast at the beginning of 1977 but succeeded in turning in an almost unchanged pre-tax profit of Kr.305m. ($66.3m.) after adjusting for the book-keeping changes introduced in the 1977 account. It shows a net profit after tax of Kr.82m. against Kr.64m. and the Board proposes to pay an unchanged dividend of Kr.5 a share, making a total payment of Kr.41.6m.

The most significant of the book-keeping changes is the switch to depreciation according to plan from cost-calculated depreciation. If the latter had continued to be applied, Alfa-Laval would have shown earnings of Kr.273m. for 1977, against Kr.277m. in the previous year.

Over the past two years earnings have failed to keep pace with the growth in sales, which climbed 12 per cent. last year to Kr.4.2m. ($902m.). The profits stagnation is explained by fallings margins. In order to maintain its competitive edge and market shares Alfa-Laval has had to refrain from taking out the price increases needed to compensate for the Swedish cost increases. The 19 per cent. increase in the order intake last year, which left a year-end order book of Kr.2.3bn., up 9 per cent., suggests, however, that Alfa-Laval has succeeded in holding its market shares.

The company's competitive position has been improved by the devaluation of the krona, but "not enough to give completely satisfactory profitability."

Volvo presents optimistic report

BY JOHN WALKER

STOCKHOLM, May 4.

DURING 1978 Volvo should reach a higher level of profitability than last year, according to the annual shareholders' report.

The low level of the business cycle coupled with high Swedish costs has led to a heavy pressure on the company and problems with the Dutch company Volvo Car BV has "strained" Volvo's resources. A positive agreement with the Dutch state has been entered into which is virtually a partnership. The agreement is for four years from 1977 and will provide for stability in the company.

Within the group there is a good profit capacity in trucks and Volvo Flygmotor. The results of Volvo Car BV and Volvo Penta are not satisfactory. But the work carried out in 1977 has laid the base for good profitability and a rise in production.

Brazil boosts foreign debt

By Diana Smith and Francis Ghilès

LOANS RECENTLY signed or due for signing within the next couple of weeks will bring Brazil's gross foreign debt to about $34bn.

Of the $1bn. worth of foreign currency loans for State-run enterprises currently at the signing stage, over $550m. is coming from the World Bank and nearly $100m. from the Inter-American Development Bank.

A $70m. ten year commercial bank loan for the City of Sao Paulo, under guarantee of the Brazilian Republic, has now been signed. Managed by European-Brazilian Bank, the terms of this loan were negotiated several months ago. With a margin over inter-bank rates of 2 per cent., it is viewed as the last of the high spread loans for Brazil. Proceeds of this loan, as of a $30m. loan for the same borrower, which offered 2¼ per cent. and was signed earlier this year, are to go to the Sao Paulo Metro.

The other loans currently under negotiation for Brazilian borrowers, each of $50m. for ten years, are for the State of Parana and the Rio airport. The former is being arranged by Morgan Guaranty and the latter being provided by Canadian banks.

Lucas Bols ahead

Net profits of Lucas Bols rose 47 per cent. to Fls.24.6m. ($11.1m.) in 1977 on sales 25 per cent. higher at Fls.624m. The Dutch distiller and drinks group is raising its dividend from Fls.3.02 to Fls.3.60. The results for last year incorporate those of the Swiss-Italian group Cynar which Bols acquired last year.

)EIAG'S BOARD CHANGES

Politicians take up the running

BY PAUL LENDVAI IN VIENNA

'IE RECENT management anges at the top of Austria's rgest industrial entity OEIAG, e holding company for the hole of nationalised sector in is country, marks a significant ange in both management yle and personality.

OEIAG's new director general a quiet 41-year-old politician, cialist Mr. Oskar Gruenwald. has taken over from 67-year d Mr. Franz Geist who for the st seven years has run OEIAG a style synonymous with both ruthless push for mergers and neral rationalisation within e nationalised sector as well as itspoken criticism of what he ten described as political backat driving.

For many years a director of e West German steel company einstabl, Mr. Geist was relled to his native Austria in oril 1970 by Chancellor Bruno eisky. He immediately took the reins at OEIAG a comny that at the last count had labour force of 115,000 and counted for something like a th of Austria's aggregate indusial output.

The high points of the Geist a were the merger of the two itionalised steel companies, oest and Alpine followed by the erger of the special steel subliaries in 1973-75. The agreeent between the nationalised in concern and Siemens of ermany about the setting up of emens Austria in which EIAG has a 43.6 per cent. inority interest came about ider the guidance of Geist.

Chancellor Kreisky had said iblicly that Geist would have mained at the helm of the EIAG had it not been for his sistence on structural changes. owever, the sort of revamping the nationalised industries, visaged by Geist would have en opposed both by the commies concerned and the gional lobbies.

Geist was also the initiator of e highly controversial "Austro-Wache" project which would ve involved the manufacture some 50,000 cars, based on ow how provided by the German firm and primarily sold road. As "Porsche" has refused to allow the use of the and name and as the Volkswagen werke have declined to lp with marketing and service abroad, the project has had to be shelved.

Geist points out, however, that the much-publicised plans have engendered major new orders from overseas for Austrian subcontractors and Chancellor Kreisky has revealed that talks about the setting up of assembly plants are being conducted with Chrysler, Fiat and other foreign producers.

All this however is in the incidental side-play compared to the major tasks that OEIAG currently faces. Mr. Gruenwald's appointment as director general coincides with an extremely difficult trading period for the holding company which is experiencing severe retrenchment among many of its basic industries.

The flagship of the concern, Voest-Alpine with a labour force of some 80,000 has been badly hit by the steel recession. Both the parent company and its special steel subsidiary, VEW posted substantial losses last year and after a period of short-time working, massive lay-offs may prove unavoidable.

This sombre background which explains why the four member board at OEIAG has just been strengthened by its second socialist Mr. Walter Brauneis who for 25 years as chief shop steward of Voest and has been a socialist MP for two decades.

The appointment of a workers' director to the board of a company which after all runs the entire steel and iron industry, the oil industry, large segments of the heavy engineering and electrical industries and most of the coal mines as well as the non-ferrous metal industry could have far reaching varifications.

Meanwhile, Mr. Gruenwald is a man of consensus with "perhaps more understanding for labour and four workers participation" than his predecessor.

Under Mr. Gruenwald, who joined the OEIAG board in 1972, life may become less hectic and more predictable than under Mr. Geist. But regardless of the Sch.38bn. investment programme just approved by the supervisory board for the nationalised sector, high-cost producers, primarily in steel and special steel, will no longer be able to ride out the international economic storm under the convenient umbrella of OEIAG.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Well above worst after heavy trade

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 4.

WITH FURTHER unfavourable economic news coming to light to-day, Wall Street suffered another sharp reaction in heavy early trading, but later managed to recoup most of the initial fall.

The Dow Jones Industrial Average, after yesterday's 11-point decline, fell afresh to $813.84 before recovering to $824.41 for a loss on the day of 4.42. The NYSE All Common Index finished a net 12 cents lower at $53.60, after touching $53.11, while losses finally outnumbered gains by a narrow margin of 791 to 687 after an early five-to-one lead. Turnover amounted to 37.52m. shares, almost matching yesterday's 37.60m.

Analysts said the market, which was already in a consolidation phase this week after the sharp rallying movement since mid-April, was further depressed by a Government report, released before the opening this morning, that the Wholesale Price Index for April rose 1.3 per cent., which exceeded Wall Street estimates.

Some analysts, however, noted the market's rebound from the day's low and said that it appears to be irrepressible now, having also had to contend to-day with more major Banks raising their Prime Rates a quarter-point to the new level of 8¼ per cent.

K Mart put on ⅜ to $25⅛ in heavy trading, after reporting a 7.5 per cent. rise in April sales—the company also clarified an earlier announcement that first-quarter earnings would decline, saying that it now appears they will be 20 to 25 per cent. below the 1977 level.

Sears eased ⅛ to $24⅛, J. C. Penney ⅛ to $39⅛, and F. W. Woolworth ⅛ to $20⅛, but Carter Hawley Hale added ⅛ at $18⅛—all reported higher April sales apart from Woolworth.

Marshall Field rose 1⅛ to $24⅛, but R. H. Macy slipped 1⅛ to $40⅛—analysts said there were rumours circulating that Macy wanted to acquire Field, but Macy had denied making any purchases of Field stock.

Associated Dry Goods lost 1⅛ to $23⅛ on its expectations of a first-quarter loss.

IBM receded 2⅛ to $260⅛, American Telephone ⅛ to $62, Union Pacific $1 to $48, Merck 1⅛ to $56, and Allied Chemical 1⅛ to $42⅛.

Active General Motors put on ⅛ to $65⅛, while Natomas gained 1⅛ to $40⅛, Teledyne 4 to $91⅛, Mesa Petroleum 2⅛ to $38⅛ and National Semiconductor 1⅛ to $25⅛.

Bates advanced 1⅛ to $47⅛—the company said that it has had no firm merger offer other than the previously announced bid by Koch Industries.

THE AMERICAN SE Market Value Index, after retreating to 137.54, turned sharply forward to 138.79 for a fresh rise of 0.72 on balance after another substantial volume of 5.12m. shares (5.13m.).

Wainoco Oil rose 1⅛ to $17⅛—it expects earnings to triple this year. Sundance Oil climbed 4⅛ to $34⅛ and Houston Oil and Minerals ⅛ to $25⅛.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Inter. Tel. and Elect.	610,000	29⅛	−⅛
Amer. Tel. and Tel.	371,100	62	−⅛
Hercules	355,000	16⅛	+⅛
General Motors	321,700	65⅛	−⅛
Pan Am World Air.	292,200	6⅛	—
Arlen Realty	278,200	4⅛	+⅛
Sears Roebuck	276,300	24⅛	−⅛
K Mart	252,700	25⅛	+⅛
Eastern Airlines	239,900	10⅛	+⅛
Dow Chemical	237,700	24⅛	+⅛

OTHER MARKETS

TOKYO—Many shares rose initially, with investors welcoming the outcome of the Japan-U.S. summit talks in Washington, but a reaction set in later on profit-taking to leave a rather mixed picture at the close. Turnover was a moderate 270m. shares, while the Nikkei-Dow Jones Average was just 0.99 higher on balance at 5,542.09 and the Tokyo SE index recorded a marginal net gain of 0.57 at 412.82.

Motors, Cameras and some Electricals finished lower after late profit-taking, with Sony, Y1,860, Toyota Motor, Y990, and Matsushita Electric, Y760, each about Y10 down on the day, and Canon Y5 cheaper at Y495.

Steels, Heavy Electric Machines and Shipbuildings, however, ended higher, spurred on by institutional buying in anticipation of a recovery in domestic economic activity.

Resources stocks, Public Works issues, Textiles and speculative counters also held to a firmer course.

TDK Electronic registered an advance of Y60 at Y2,110, as did Pioneer, at Y1,800, while Casio added Y10 at Y610, Mitsukoshi Y9 at Y569, and Tokio Marine Y5 at Y505.

Stock markets in the following countries were closed yesterday for the Ascension Day holiday:—
Austria, Belgium, Denmark, France, Netherlands, Norway, South Africa, Sweden, Switzerland and West Germany.

SPAIN—The rallying trend of late became much more forceful yesterday. All sectors were in demand with several stocks being over-bid, and the tone at the close remained strong. The Madrid SE Index moved ahead 3.28 more to 105.16, while the Bilbao SE Index jumped 5.19 to 111.08.

Electricals were particularly strong, heartened by the Cabinet's approval of a national energy plan.

AUSTRALIA—Industrials again moved irregularly, while Mining issues showed mainly an easier disposition.

Industrial leader BHP receded 4 cents to $A6.58, but ICI Australia recouped 5 cents at $A2.15 and Container added 4 cents at $A2.34.

Among Stores, Woolworths put on 2 cents to $A1.64, but Myer slipped 3 cents to $A1.72. Sugars had CSR 3 cents firmer at $A2.95 and Bundaberg 5 cents up at $A3.30.

In Financials, AGC hardened 2 cents to $A1.65 on the profits improvement, while its major shareholder, Bank of NSW, regained 8 cents to $A5.40. ANZ Bank added 6 cents at $A2.88, but National Bank lost 6 cents to $A2.49.

Renison Tin rose 30 cents more to $A6.90, still responding to its higher tin production news, while Central Norseman Gold moved forward another 30 cents to $A8.10 on higher bullion prices and the IMF auction.

Among Uraniums, Pancontinental, after the strong speculative rise, relinquished 30 cents at $A11.90 on profit-taking, but Kathleen Investments firmed 2 cents to $A1.67.

MIM, still on the disappointing third-quarter report, shed another 4 cents to $A1.90.

CANADA—Stocks showed a firmer tendency at yesterday's close following fairly active trading. The Toronto Composite Index added 1.2 at 1,087.4, while Golds, still on rising Bullion prices, advanced 22.5 more to 1,270.2. Oils and Gas put on 5.0 to 1,385.2, but Banks receded 1.14 to 256.02 and Metals and Minerals 2.6 to 914.1.

Great-West Life Assurance jumped 8⅛ to $92—Investors Group, which owns 50.1 per cent. of Great-West's shares, said it is considering an offer for the remainder at $95 a share.

HONG KONG—Stocks picked up from a weak opening to display irregular movements at the close after quieter trading.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
vields based on net dividends plus tax. ◆ DM50 denom. unless otherwise stated. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ✠ Frs 500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	May 4	May 3	May 2	May 1	Apr. 28	Apr. 27	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	824.41	828.85	840.18	844.33	837.32	828.52	844.33 (1/5)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.06	89.05	88.85	88.96	89.01	89.01	90.56 (4/1)	88.55 (27/4)	—	—
Transport	225.90	224.29	224.78	225.51	224.58	222.34	225.61 (1/5)	193.51 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.61	106.12	106.35	106.43	106.36	105.89	110.98 (3/1)	102.84 (22/2)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	37,520	37,600	41,400	37,020	32,850	35,470	—	—	—	—

* Basis of Index changed from August 24

Ind. div. yield %	April 28	April 21	April 14	Year ago (approx.)
	5.58	5.75	5.86	4.60

STANDARD AND POORS

	May 4	May 3	May 2	May 1	Apr. 28	Apr. 27	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrials	105.92	106.27	107.45	107.92	106.94	105.71	107.92 (1/5)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	95.95	96.26	97.25	97.67	96.83	95.86	97.67 (1/5)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	May 3	Apr. 19	Apr. 12	Year ago (approx.)
Ind. div. yield %	5.02	5.14	5.56	4.33
Ind. P/E Ratio	9.18	8.94	8.56	10.37
Long Govt. Bond yield	8.39	8.50	8.54	7.71

N.Y.S.E. ALL COMMON

May 4	May 3	May 2	May 1	1978 High	1978 Low
53.60	53.72	54.19	54.56	54.56 (1/5)	48.37 (6/3)

Rises and Falls

	May 4	May 3	May 2
Issues traded	1,888	1,909	1,907
Rises	687	571	657
Falls	791	897	824
Unchanged	410	441	426
New Highs	79	122	128
New Lows	30	23	26

		May 4	May 3	May 2	May 1	1978 High	1978 Low
MONTREAL	Industrial	177.24	177.29	177.50	177.62	181.47 (17/4)	162.50 (15/3)
	Combined	185.17	185.25	185.30	185.08	187.56 (17/4)	170.82 (30/1)
TORONTO	Composite	1087.4	1086.2	1086.5	1082.6	1091.4 (17/4)	998.2 (30/1)
JOHANNESBURG	Gold	(e)	194.4	195.4	195.6	21?.7 (1/2)	185.0 (20/4)
	Industrials	(e)	219.8	218.8	217.5	219.8 (3/5)	194.9 (13/3)

	May 4	Previous	1978 High	1978 Low
Australia (¶)	477.82	479.48	480.33 (3/5)	441.45 (1/3)
Belgium (‖)	(e)	101.00	101.00 (3/5)	90.21 (12/5)
Denmark (**)	(e)	95.12	96.15 (9/1)	94.00 (6/2)
France (††)	(e)	61.4	65.7 (26/4)	41.6 (6/2)
Germany (‡‡)	(e)	771.4	812.7 (19/2)	766.8 (25/4)
Holland (§§)	(e)	79.1	82.1 (10/2)	76.0 (4/4)
Hong Kong (¶¶)	456.10	456.25	461.83 (1/5)	383.44 (13/1)
Italy (§‖)	60.06	60.04	65.54 (6/5)	55.42 (10/1)
Japan (a)	412.32	(e)	416.11 (19/4)	364.04 (4/1)
Singapore (b)	302.78	303.29	306.19 (2/5)	282.0 (1/60)

	May 4	Previous	1978 High	1978 Low
Spain (d)	105.16	101.82	105.16 (4/5)	[illegible] (17/3)
Sweden (e)	(e)	397.95	397.95 (3/5)	355.74 (5/1)
Switzerl'd (f)	(e)	281.2	286.86 (14/4)	279.0 (25/4)

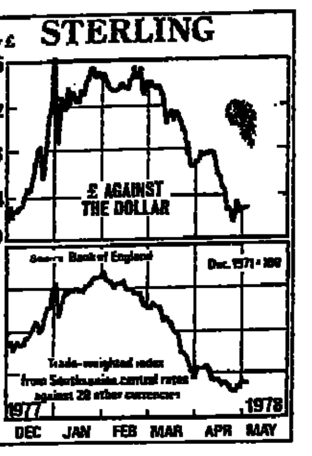
Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (§‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

Pound steady

Once again trading in yesterday's foreign exchange market remained very quiet with a little more activity being seen after markets opened in New York. Public holidays in most financial centres kept business at a low level. Sterling opened at $1.8280-$1.8290 and most business took place after the Bank of England's announcement that it will not seek to prevent the restoration of a more normal relationship between MLR and other short-term interest rates. However, the day's range against the U.S. dollar remained very narrow at $1.8265-$1.8305 and attention was more inclined towards dealings in forward sterling. The pound spot rate closed at $1.8280-1.8290, a rise of 30 points. On Bank of England figures, its trade weighted index showed no change at 61.5, a level held throughout the day. The 12-month discount against the dollar widened to 4.70c from 4.55c.

A rise in the U.S. wholesale prices index left the dollar in a weaker position overall. Against the West German mark it eased to DM2.07 from DM2.07924 and finished at SwFr1.9480 against SwFr.1.9635. Using Morgan Guaranty figures, the dollar's trade weighted average depreciation, on noon rates in New York, widened to 5.36 per cent. from 5.06 per cent. On Bank of England figures, the dollar's index fell to 89.8 against 90.1 on Wednesday. Elsewhere the Canadian dollar improved to 88.704 U.S. cents from 88.64½ U.S. cents.

Trading in gold was considered to be relatively high in view of the many financial centres that were closed. Favourable reaction to the IMF gold auction prompted some covering of short positions and the metal closed $2¾ higher at $173½-174¼.



CURRENCY RATES

	Special Drawing Rights May 4	European Unit of Account May 3
Sterling	0.669632	0.674487
U.S. dollar	1.22335	1.23390
Canadian	1.37823	1.39302
Austria sch	n.a.	18.4274
Belgian franc	n.a.	39.9414
Danish krone	n.a.	7.00729
Deutsche mark	n.a.	2.56375
Dutch guilder	n.a.	2.73686
French franc	n.a.	n.a.
Italian lira	1060.64	1070.06
Japanese yen	276.171	278.677
Norway krone	n.a.	6.66802
Spain peseta	98.9666	99.9035
Swedish krone	n.a.	5.70347
Swiss franc	n.a.	2.41484

EXCHANGE CROSS-RATES

May 4	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt‡	—	2.0776-0786	45.01-11	6.416-426	3.791-801	93.55-65	105.80-6.00
New York	48.33-36	—	21.79-82	3.0920-1040	1.8285-8305	45.24-29	51.50-60
Paris*	222.74-5.24	4.6165-6225	—	14.295-329	8.4415-4615	207.45-95	236.40-7.30
Brussels†	15.56-61	32.37-42	7.00-03	—	59.15-30	14.56-61	16.49-56
London	3.78¾-79½	1.8290-8320	8.39-40	58.90-59.00	—	4.05¾-04¾	3.56-57
Amst'da'm†	106.10-35	2.2205-2227	47.99-48.04	6.8575-8625	4.0545-0585	—	113.325-375
Zurich†	94.459-628	1.9650-9675	42.352-653	6.0704-0813	3.5851-5907	88.434-586	—

U.S. $ in Toronto U.S. $=112.72-76 Canadian cents
Canadian $ in New York=88.69-71 cents. U.S. $ in Milan 866.80-7.10
Sterling in Milan 1582.80-1584.20. * Rates for May 2. † Rates for May 3.

EURO-CURRENCY INTEREST RATES*

May 4	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
†Short term	9⅛-10⅛	7-8	7⅛-7⅜	4⅜-4⅝	⅝-¾	3⅛-3¼
7 days' notice	9-10	7-8	7¼-7½	4⅜-4⅝	⅝-⅞	3½-3¾
Month	9⅛-10	7½-7⅞	7⅜-7⅝	4⅛-4⅜	⅝-⅞	3⅛-3⅜
Three months	10-10⅛	7¾-8⅛	7⅛-7⅜	4⅜-4⅝	1-1⅛	3⅛-3⅜
Six months	10⅜-10⅞	8⅛-8½	7⅞-8⅛	4½-4¾	1⅛-1⅜	3⅜-3⅝
One year	10¾-11	8¼-8⅝	8-8⅛	4⅜-5⅛	1½-1⅝	3½-3⅝

Euro-French deposit rates: two-day 8⅛-8⅜ per cent.; seven-day 9⅛-9⅜ per cent.; one-month 9⅜-9⅝ per cent.; three-month 10-10⅛ per cent.; six-month 10⅛-10⅜ per cent.; one year 10⅜-10⅞ per cent.

Long-term Eurodollar deposits: two years 8⅛-8⅜ per cent.; three years 8⅛-8⅜ per cent.; four years 8⅛-8⅜ per cent.; five years 8⅜-8⅝ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.20-7.30 per cent.; three-month 7.30-7.35 per cent.; six-month 7.80-7.90 per cent.; one year 8.00-8.10 per cent.

*Rates are nominal calling rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs.

GOLD MARKET

	May 4	May 3
Gold Bullion (a fine ounce) Close	$173½-174¼	$170¾-171¼
Opening	$172½-173¼	$170-170¼
Morning fix'g	$172½-185 (£94.585)	$170.30 (£93.060)
Afternoon fix'g	$173.30 (£94.674)	$170.45 (£93.269)
Gold Coins domestically: Krugerrand	$177½-179½ (£97-98)	$175-177 (£96-97)
New Sov'rgns	$53-55 (£29-30)	$52¾-54¾ (£29-30)
Old Sov'rgns	$53-55 (£29-30)	$52¾-54¾ (£29-30)
Gold Coins internat'lly: Krugerrand	$177½-179½ (£97-98)	$175-177 (£96-97)
New Sov'rgns	$53-55 (£29-30)	$52¾-54¾ (£29-30)
Old Sov'rgns	$53-55 (£29-30)	$52¾-54¾ (£29-30)
$20 Eagles	$277-280	$275½-278½

FOREIGN EXCHANGES

May 4	Bank Rate %	Market Rates Day's Spread	Market Rates Close
New York	6½	1.8265-1.8306	1.8280-1.8290
Montreal	8½	2.0540-2.0640	2.0605-2.0615
Amsterdam	4	4.03-4.06	4.05¾-4.04¾
Brussels	5½	58.80-59.23	58.90-59.00
Copenhagen	9	10.54-10.66	10.54¼-10.55¼
Frankfurt	3	3.77¾-3.80¾	3.78¾-3.79¾
Lisbon	15	76.90-77.60	77.20-77.50
Madrid	8	147.75-148.15	147.90-147.90
Milan	11½	1,562¾-1,586	1,584½-1,585½
Oslo	7	9.84-9.88	9.84¾-9.85¾
Paris	9½	8.38½-8.42	8.39-8.40
Stockholm	7	8.42¾-8.46	8.42¾-8.43¾
Tokyo	3½	408-415	410½-412½
Vienna	5½	27.15-27.40	27.15-27.25
Zurich	1	3.55¾-3.56¾	3.56-3.57

Rates given for convertible francs. Financial franc 59.00-59.20.

OTHER MARKETS

				Notes Rates
Argentina	1594	1598	Argentina	1250-1350
Australia	1.6082	1.6245	Austria	26.5-28.1
Brazil	31	32	Belgium	58-59½
Finland	7.71	7.72½	Brazil	32-37
Greece	67.618	69.292	Canada	2.06-2.07
Hong Kong	8.4600	8.4875	Denmark	10.30-10.50
Iran	125	131	France	8.35-8.45
Kuwait	0.502	0.512	Germany	3.75-3.85
Luxemb'rg	58.90	59.00	Greece	66-72
Malaysia	4.3525	4.3680	Italy	1545-1595
N. Zealand	1.7999	1.8182	Japan	4.10-4.30
Saudi Arab.	6.25	6.45	Netherl'nds	4.00-4.10
Singapore	4.2505	4.2655	Norway	9.85-9.95
S. Africa	1.5746	1.5957	Portugal	75-79
U.S.			Spain	145-148
Canada			Switz'land	3.50-3.60
CSI			U.S.	1.82½-1.84½
U.S. cents	88.69	88.72	Yugoslavia	34-36

Rate given for Argentina is a free rate.

FORWARD RATES

	One month	Three months
New York	0.47-0.37 c. pm	1.30-1.20 c. pm
Montreal	0.35-0.25 c. pm	1.00-0.90 c. pm
Amst'dam	2⅛-1⅛ c. pm	6¾-5¾ c. pm
Brussels	30-20 c. pm	70-60 c. pm
Cop'nhgn.	2½-4½ ore dis	8½-10½ ore dis
Frankfurt	2½-1½ pf pm	7-6 pf pm
Lisbon	16-205 c. dis	310-580 c. dis
Madrid	par-80 c. dis	40-140 c. dis
Milan	3-9 lire dis	12-17 lire dis
Oslo	3-5 ore dis	8½-10½ ore dis
Paris	½-¼ c. dis	¼ c. pm-¼ c. dis
St'kholm	par-2 ore dis	Par-2 ore dis
Vienna	14-4 gro pm	27-17 gro pm
Zurich	3⅛-2⅛ c. pm	8⅛-7⅛ c. pm

Six-month forward dollar 2.30-2.40c pm. 12-month 4.75-4.65c pm.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—110% (110⅜%)
Effective rate (1.8285) 47⅝% (47¾%)

NEW YORK

Stock	May 4	May 3
Abbott Labs	58⅞	59
Corning Glass	52⅝	52⅛
CPC Int'n'tional	47	47
Crane	30⅛	29⅞
Johns Manville	31⅞	31⅞
Johnson Johnson	74	74¾
Johnson Control	33⅛	33⅛
Revlon	45	46
Reynolds Metals	30¾	30⅞
Reynolds R.J.	56⅝	56⅝
Rich'son Merrell	28⅛	28⅛
Woolworth	20⅛	20¼
Wyly	4⅝	4
Xerox	48	48⅝
Zapata	16¼	16⅛
[illegible]	[illegible]	[illegible]

CANADA

Stock	May 4	May 3
[illegible]	[illegible]	[illegible]

GERMANY ◆

May 5	Price Dm.	+ or −	Div. %	Yld. %
AEG	85.8	−0.2	—	—
Allianz Versich.	466.5	+3.3	18	1.9
BMW	227.7	−0.8	18	3.9
BASF	135	+0.7	18.76	6.9
Bayer	137.8	+1.3	16	—
Bayer. Hypo	278	+1	18	3.2
Bayer. Vereinsbk.	293xd	+4	18	3.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

May 5	Price Fls.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♣

May 5	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

May 5	Price %	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

May 4	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	340		14	2.1
Canon	495	−5	12	1.2
Casio	610	+10	25	2.0
Chinon	370		20	2.8
Dai Nippon Print	586	+1	18	1.6
Fuji Photo	583	−2	15	1.3
Hitachi	239	+3	12	2.5
Honda Motors	586	−15	18	1.5
House Food	1,170		35	1.5
C. Itoh	225	−5	12	2.7
Ito-Yokado	1,300		30	1.2
Jaccs	620	+5	13	1.0
J.A.L.	2,640		—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

May 3	Price Frs.	+ or −	Div. Fr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ●

May 3	Price Fr.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

May 4	Price Lire	+ or −	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA

May 4	Aust. $	+ or −
ACMIL (25 cents)	†0.70	+0.01
Acrow Australia	†0.80	
Allied Mnt-Tndg. Indus $1	†2.55	
Ampol Exploration	†1.42	−0.01
Ampol Petroleum	†0.82	
Assoc. Minerals	†1.10	+0.05
Assoc. Pulp Paper $1	†1.18	
Assoc. Con. Industries	†1.75	−0.01
Aust. Foundation Invest.	†0.91	
A.N.I.	†1.43	
Audimco	†0.42	−0.01
[illegible]	[illegible]	[illegible]

PARIS

May 3	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

May 3	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OSLO

May 3	Price Kroner	+ or −	Div. %	Yld. %
Bergen Bank	93.0		9	9.7
Borregaard	62.5		4	6.4
Creditbank	108.5	−0.5	11	9.2
Kosmos	240		20	8.3
Kreditkassen	108.00	+1.25	11	10.2
Norsk Hydrokr.	192.25	−2.75	12	5.0
Storebrand	90.00	+1.75	9	10.0

BRAZIL

May 4	Price Cruz.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Rio de Janeiro SE

JOHANNESBURG

MINES

May 3	Rand	+ or −
[illegible]	[illegible]	[illegible]

INDUSTRIALS

	Rand	+ or −
[illegible]	[illegible]	[illegible]

Securities Rand $U.S.0.72
(Discount of 36.3%)

SPAIN ♥

May 4	Per cent	+ or −
[illegible]	[illegible]	[illegible]

FINANCIAL TIMES SURVEY

Friday May 5 1978

Ninian Central Oil Platform

Taller than the GPO tower and broader at its base than Trafalgar Square, the central platform for the Ninian oilfield adds another chapter to the North Sea saga. Built of concrete, it also presents a competitive challenge to the normal steel structure.

Another North Sea giant

By Ray Dafter
Energy Correspondent

THE TOW-OUT from Soctland's Sound of Raasay of the giant central production platform for the Ninian oilfield this week has added yet another dimension to the North Sea development programme.

This concrete platform weighs 605.000 tonnes with its ballast, making it the heaviest man-made structure ever to have moved on earth, according to its builders, Howard Doris of Loch Kishorn. Trafalgar Square would not be big enough to accommodate its base.

The structure, together with all its deck equipment and the installation charges, is costing the Chevron-led consortium £280m. It is an integral part of a field development project costing no less than £1.6bn: when the three production platforms, pipeline and Ninian's share of the Sullom Voe oil terminal in Shetland are taken into consideration.

A measure of the project's size is that it is the biggest single investment that has ever been overseen by Chevron's parent, Standard Oil of California. Not that Chevron has always been the operator for the Ninian development.

Chevron took over as lead company in 1975 when the previous operator, Burmah Oil, found itself in deep financial difficulties. Burmah had discovered the big field in 1974 and subsequent drilling proved the structure to be one of the biggest in the U.K. North Sea with some 1.16bn. barrels of recoverable reserves, according to latest Government statistics. It was not surprising then that one of the toughest moves Burmah had to take in its financial restructuring was to sell its original 21.6 per cent. stake to British National Oil Corporation (BNOC) for £90m.

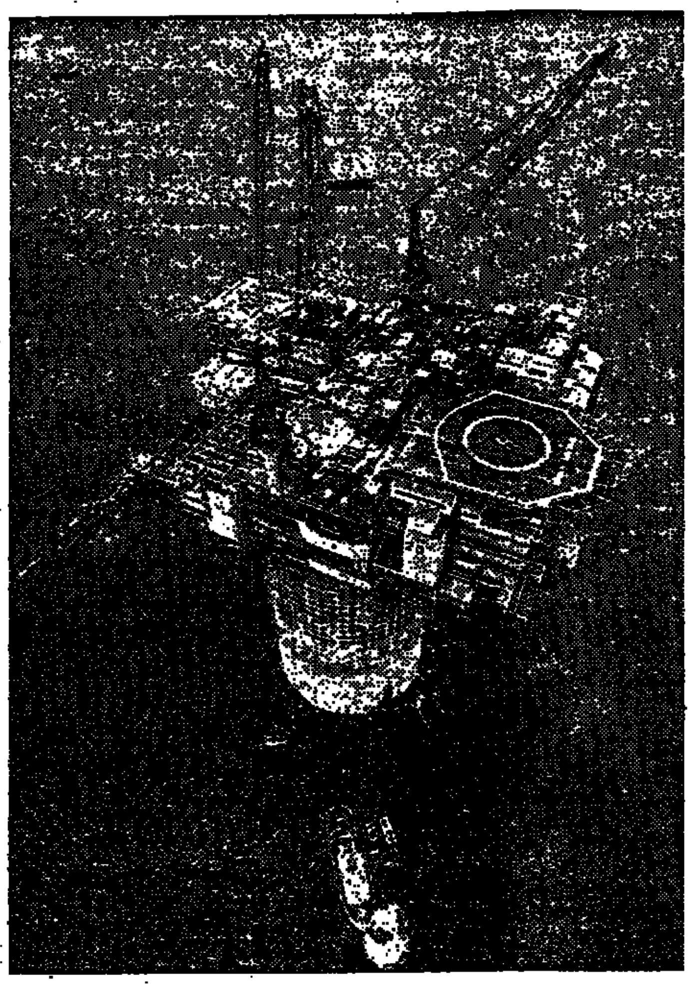
Participants in the field, which straddles the northerly 3/8 and 3/3 blocks, provide an interesting cross-section of the types of companies now involved in North Sea exploration and development. They range from big independent oil groups and a State oil company to a chemical group interested in acquiring feedstock and a small investment company which has had its future reshaped by the Ninian success.

The consortium now comprises British Petroleum (15 per cent.), BNOC (21 per cent.). Imperial Chemical Industries (18.2 per cent.), London and Scottish Marine Oil (9 per cent.), Murphy (7 per cent.). Ocean Drilling and Exploration (7 per cent.), Ranger (6 per cent.), and Chevron (16.8 per cent.).

These companies hope that they will begin to see some return on their investment later this year for production is scheduled to start this autumn. On current reckoning the first oil should flow from the southerly steel platform this autumn with the central platform being brought on stream later in the year. But as past experience of the Ninian project has proved it will be difficult to stick to that timetable.

Indeed, Chevron had hoped that the southern platform would have been on stream in May. Foul weather throughout the winter months has delayed the installation and pre-commissioning work, even with the round-the-clock working of some 1,100 men stationed offshore. During one particularly bad spell they could accomplish only ten days work in a four-week period.

This is where a gravity structure, such as the central platform, has an advantage. Virtually all the deck equipment —20 of the 22 modules—has been installed and connected in the sheltered waters of the Raasay Sound between the Isle of Skye and the Scottish mainland, A steel unit could not be towed to a field with 34,000 tonnes of equipment on top!



The tow-out begins.

Confidence

Mr. Albert Granville, managing director of Howard Doris, displaying his characteristic air of confidence, believes it will be "touch and go" whether production from the southern platform will begin before output from the central structure.

Chevron had hoped originally that the central platform would be on stream first. After all, it will be the hub of the production system, the collection point for crude from all of the producing wells on Ninian. (Chevron has made contingency arrangements for pumping the oil into the pipeline to Sullom Voe without the central unit.)

As with so many North Sea projects, delays and cost escalation problems have occurred. They have arisen because all those involved have under-estimated the size and complexity of the challenge, because fast-moving technological frontiers have called for last-minute design changes and because, in spite of its size, platform construction is vulnerable to bad weather.

The central platform should have been towed to the field in June last year according to the original schedule, but following some re-design work the target was amended to August last year. Various problems put pressure on Howard Doris. Early in the programme it was decided that the 1m. barrels of oil storage space was not needed after all, in view of the pipeline proposals, so the storage compartments were modified and filled with gravel and other solid ballast. Construction of the Loch Kishorn site itself proved to be more time-consuming than originally planned. Storm damage in October 1976 and, more recently, a crack in the steel deck structure, have added to Howard Doris's headaches.

Even so, by taking advantage of a sheltered winter berth, the construction team has managed to make up for much of the lost time, something that might have been more difficult with a more conventional steel platform.

All this has influenced the structure's purchase price, of course. The original Howard Doris bid for the basic structure (without the topside equipment) was £60m. It is estimated that the final cost will be three times that figure.

Some 60 per cent. of the extra cost has arisen from inflation indices written into the contract; around £25m. has been added as a result of changes in the deck design; £10m. more has been spent on the steel skirts that will pin the structure to the seabed; about £5m. to £6m. has been added to the cost by the need for wintering in Raasay with the remainder being spent on speeding up construction, to catch up on time lost through the 1976 storm and delays on the construction site.

Other operators are now learning from the experience of Howard Doris and Chevron. No one would question that the central platform is an impressive giant, a notable technical achievement for all concerned. It was conceived in 1974, before any field in the U.K. sector had begun to produce oil. But in view of the present state of the art, would it be built again? The answer is probably no, at least not in its present configuration. But that is not to say there is no immediate prospect for new gravity platform structures, as some recent reports on the offshore industry have suggested.

Interested

A number of big oil groups are still interested in the major load-carrying capability of concrete platforms, particularly for fields in deep waters. (Ninian lies beneath some 450 feet of water, for example.) Companies will be looking for structures able to carry heavy pieces of equipment; units that might well be replaced or adapted during the life of the field. Operators might want to instal gas handling or enhanced recovery systems while the field is in production, for instance.

There is no reason why future concrete structures should be of the size—and cost—of the Ninian central platform Howard Doris, for instance, has designed a gravity tower comprising a load carrying deck supported by a prestressed articulated concrete column. This column, suitable for water depths of 300 to 1,000 feet, would sit on a ball joint connected to a fixed concrete base. It is thought that at least one offshore operator is interested in introducing such a system on a North Sea field which has still to be developed.

In the hope of winning such a contract Howard Doris is keeping on some 300 of its 550 employees at Kishorn. The group is also hoping to establish part of the Kishorn base as a service terminal for the North Sea although on the face of it the site would appear to be on the wrong side of Scotland for such a facility.

Even so, delivery of the Ninian platform could signal the loss of over 1,000 jobs—direct employees and staff of subcontractors. As with the other three concrete fabrication sites, Loch Kishorn is now without a firm contract.

As a result of the depressing state of the gravity platform market, the concrete fabricators are asking the Government to insist that oil companies give them a full and fair opportunity to compete for any future production platform orders. They are concerned that they are being prematurely dismissed without having a chance to submit competitive tenders against those offering steel structures.

It is a tough market, not helped by the surplus of fabrication facilities—a legacy of wildly optimistic forecasts by both the Government and the oil industry. Builders of concrete platforms hold a trump card—their ability to load production equipment on to decks in sheltered waters. They now wait to see if they are allowed to rejoin the game and play that card.

Goodbye to jobs as well

TO THE PEOPLE of Wester Ross the tow-out of the Ninian Central Platform from the Inner Sound of Raasay, where it spent the winter and spring up to its neck in deep water, was a matter for pride, relief and regret. Pride because, although outsiders who came to use the area's natural advantages were largely responsible for building the biggest moveable structure on earth, a lot of local effort also went into its construction. It may now be late in delivery and have other criticisms levelled against it, but the platform has been completed successfully and that is a feat which has never been equalled.

The tow was also a cause for relief because—like every other industrial process introduced into previously unsullied countryside—the scooping-out of the Howard-Doris yard from the rock face and the construction of the platform itself had their opponents. There were arguments with churchmen over Sunday working, allegations that the yard had grown out of all proportion to its original promised size and disputes over the effect it had on local life. There are those who were glad to see the platform disappear from view and hope that it will be Kishorn's first and last venture into the oil industry.

Regret

But for most of the local people who watched it go, the platform's departure was a signal for regret and concern. In an area where for decades the unemployment rate was kept at a reasonable level only by the constant migration of young people to the more prosperous cities, the platform provided more jobs and more prosperity than any other single industry for years. Men and women from the communities on the mainland close to the railhead, the yard itself and the two wet sites used, and from the nearby island of Skye, were able to find jobs alongside the "travelling men" who converge on any large construction project.

The problem now is that the yard's future is uncertain. There is as yet no follow-on order to the Ninian contract and the numbers employed on the project have dropped dramatically. Although there will be work for an indefinite period for some local people tidying up after the platform has gone and preparing for fresh work, unless new contracts can be secured by Howard-Doris the yard will close and employment in the area will revert to its traditional pattern.

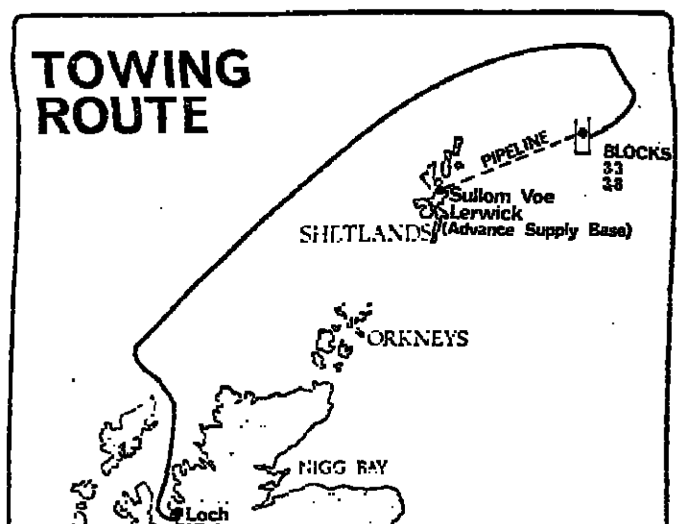
The first that local people heard of the project was in late 1973 when the British civil engineering company, John Howard, identified Loch Kishorn, a sea inlet on the Applecross peninsular, as a likely site for a platform yard and at the beginning of the following year applied to Ross and Cromarty County Council for planning permission.

In November 1974 Howard formed a joint company with the French design firm C. G. Doris, which had designed Howard's first concrete platform for the Frigg gas field which was built in Norway. Later that month the new joint venture received a £60m. order from Chevron, operators on the Ninian Field, and was granted consent to start work on the yard.

The task was a big one. An access road had to be constructed over a 2,000 foot mountain pass and some 1.25m. tonnes of sandstone and peat had to be moved to form the drydock which, although larger than Trafalgar Square, was still dwarfed by the scale of the surrounding mountains and cliffs. A rail terminal and jetty were built on a 4.5 acres site reclaimed from the sea at South Strome so that cement, steel and other materials could be brought via the single-track line from Inverness and loaded on to ships for transport to the site. One of the conditions of the planning consent was that Kishorn be treated as an island, to prevent local roads becoming overloaded with construction traffic.

A quarry was opened on the Isle of Skye to supply aggregate and sand for concrete-making and ballast, and sub-contracts were placed with many of the leading names in British civil engineering, including the British Steel Corporation, GKN, the John Brown group, SGB and Blue Circle.

Construction of the platform was in three distinct stages. The wide base (140 metres in diameter and 18 metres high) which gives the gravity platform much of its stability, was built in the dry dock. The nine segments were cast in timber frames siting on the steel skirts at the bottom



of the structure. Slip-forming then started on the seven concentric walls. When this stage was over the base was floated out of the dock to the first wet site, in comparatively shallow water, where work began building the 180m. high trunk of the platform.

As the height of the structure increased, it was sunk lower in the water until—at a total height of 156 metres—it became too big for the first wet location and had to be towed to the Inner Sound, three miles from the Skye coast. There, with a sufficient depth of water to enable work to be completed, the concrete platform was mated with its steel deck and loaded with modules.

The deck, which weighs 7,100 tonnes and covers an acre in area, was manufactured at the J. Ray McDermott yard at Ardersier on the Moray Firth and brought by barge around the Scottish coast to the Inner Sound. Supported on either side by barges, it was floated over the top of the platform which had been ballasted low in the water. When exactly in position, the ballast tanks were evacuated and Ninian Central bobbed-up to engage the deck. This precise manipulation of a structure weighing some 600,000 tonnes was repeated each time a module (of up to 1,600 tonnes) was loaded from the crane barge onto the deck.

Before the tow-out began, employment on the project had dropped to 1,300, with just less than half of this figure employed directly by Howard-Doris and the remainder for sub-contractors. Many of the sub-contracting firms are being employed on location in the Ninian Field on hook-up work or "grouting" the platform, that is filling any spaces between the base and the sea bed with conretc.

Mr. Albert Granville, managing director of Howard-Doris, estimates that some 300 of the men working directly for his company are "travellers" who expect to be laid-off after the completion of a project and will move to other sites where there is work for them. Most of the rest—the local men—are being kept on the payroll working on the site and living in hope that a new contract will be won.

Promise

"We have a special responsibility to these men because we promised them work. We intend to honour that promise, partly because we like to do what we say we are going to do and partly out of enlightened self-interest:—I am still very optimistic that we will get another order."

More than just local employment depend on that optimism proving justified. Communications and services—possibly including the Kyle railway line, a vital link between the area and Inverness—could find it difficult to survive without the income generated by the building of the platform.

Ray Perman

Southern platform on stream by autumn

THE FIRST oil should flow from the Ninian Field in the autumn when production begins from the Southern platform. Originally the field was set to come on stream this month after the 21,000-tonnes steel platform was installed last summer in record time. But the start has been held up. Chevron, the field operator, puts the blame for the delay partly on the especially severe weather encountered in the North Sea during the winter. But it has also been concerned that it has had to complete work on the modules, which should have been done in the fabrication yards.

In a fight to meet the latest production deadline of the fourth quarter this year, Chevron has expanded its offshore workforce. Staff working on the Southern platform have built up to as many as 1,100 men, and two support vessels, the Borgland Dolphin and the Viking Piper have been engaged at the field, 100 miles north-east of the Shetland Islands, to accommodate the growing workforce.

The Chevron consortium finally opted to build three platforms to exploit the estimated 1.16bn. barrels of recoverable reserves of crude from Ninian, the third largest field discovered in the U.K. sector of the North Sea. Orders for both steel jackets, the Southern and Northern platforms, were placed with Highland Fabricators for construction at its yard at Nigg on the Cromarty Firth.

The Southern platform is now undergoing the time-consuming final hook-up work. It was floated out of the Nigg Bay yard a year ago, and was the first of the giant North Sea steel platforms to be installed and equipped in one season. The operation was completed in less than five months. After the May float-out, piling to secure the platform to the sea bed was completed by the beginning of July last year, and the last module, part of the drilling equipment, was installed before the end of October.

But the fortunes of North Sea operation are at best unpredictable and the time gained last summer has vanished during the hard winter months. Delays were compounded last month when construction work on the platform out at sea came to an almost complete halt in an industrial dispute over bonus payments for craftsmen. Despite the dispute, one of the biggest so far on a North Sea platform, the time has been made up and Chevron is still hoping to start production from the Southern platform in the autumn.

Meanwhile the steel Northern platform is being constructed on schedule at Highland Fabricators' Nigg yard, and Chevron hopes to float it out to the field in June. The job of securing the 15,000 tonnes structure to the sea bed with steel piles will be carried out during the summer and the platform's nine modules should be installed next year.

The Southern platform was the first element in the three platform development of Ninian to be ordered in November 1974. It was designed as a self-floating structure, because for heavier, taller steel towers this system has decided advantages over structures that are launched from barges.

The tower was designed by CJB-Earl and Wright and the careful tipping of the massive platform to the upright position — performed at the end of the 275-mile tow from Nigg Bay— was carried out according to procedures developed by Chevron in the 1950s for Santa Barbara Channel platforms off the Californian coast. By contrast the concrete Ninian Central platform will be towed out in an already upright position.

The cost of the Southern jacket alone was £60m. and the topside equipment from helicopter deck modules to workshops, accommodation and drilling and production modules added a further £30m. to the Ninian bill. The jacket, 553 feet in height, stands in a water depth of 448 feet and has been designed to withstand winds of up to 105 knots and 100-foot waves. Some 42 wells will be drilled from the Southern platform, which has a production capacity of 180,000 barrels a day, rather smaller than the Central platform, which at its peak should be capable of producing 276,000 barrels a day.

Heaviest

The Southern platform was delivered close to schedule by Highland Fabricators, "a great achievement," according to Mr. Glen Schurman, Chevron (U.K.) managing director. During the summer of last year 18 modules, constructed at six different sites both in the U.K. and Holland, were lifted into place at the Ninian Field by crane barge, the heaviest single lift totalling 1,270 tonnes.

It was always a possibility that the Chevron group would order a third production facility to drain the northern end of the field and as far back as 1975 it was looking for a yard that could deliver during 1977. It considered alternatives, such as sub-sea completion, but it wasn't until last year that it finally went ahead with an order for another steel jacket from Highland Fabricators.

The decision not to go for sub-sea well completions—a total of 12 were considered—was taken for three main reasons. Chevron felt that sub-sea technology had not been sufficiently proved, that the down-time caused through failures, maintenance and repairs might undermine the field's profitability, and that there were unacceptable environmental risks. As a result of installing the third platform, the Chevron group should be able to cover virtually the whole of the Ninian Field, which is roughly pear-shaped, some 12 miles long and stretching across the boundaries of block 3/3 (held by the Chevron consortium) and block 3/8 (held by BP).

The platform was justified on the basis that it could tap another 100m. barrels of oil from the field which is trapped in four different producing zones, each one of which has a unique recovery profile. Ninian's period of maximum production is expected to be 1982-83 and this has been prolonged and enhanced to a level of some 360,000 barrels a day by the addition of the third platform.

The Northern platform with a jacket weight of some 12,600 tonnes is the smallest structure ordered for the Ninian Field, and because of its comparative lightness it will be floated out and launched from a barge. The jacket will cost £40m. with the extra equipment modules totalling a further £35m. It will have the capacity for drilling 25 wells, but at this stage of the programme only 12 are being planned. It is always possible, however, that a decision could be taken later to drill more wells in order to extend the plateau of maximum production.

It is hoped that this jacket will be floated out from Highland Fabricators yard in June so that it can be piled and secured in place before the worst of the winter weather begins. The deck and nine modules, including the flare boom, will be constructed over the next 12 months for fitting next year. Production could begin at the end of 1979 or early in 1980. One of the modules, the well-head, is also being built by Highland Fabricators along with the jacket and deck. The Dutch construction group, HCG, is building the workshop and accommodation modules, while Harland and Wolff at Belfast is constructing several others, including the drilling, production and water injection modules. Orders for the helicopter deck and flare boom are still to be placed.

The total cost of exploiting the northern extension of the Ninian Field is estimated at some £200m., one of the smallest items in the massive £1.6bn. total field development costs. But the Northern platform has been of vital importance to the builders, Highland Fabricators. When the order was first mooted by Chevron, it was seen in some quarters of the oil industry as a carrot to the Nigg workforce for speedy delivery of the Southern platform, which was then nearing completion. In the event the first jacket was marginally delayed by a three-week strike, but the production schedule was not seriously hindered and the second order went ahead.

It has kept the Nigg Bay yard in work at a time when the platform industry has been going through a lean period. Only four out of eight yards in the U.K. have recently had work in hand, and one of these, Loch Kishorn, becomes vacant with the completion of the concrete Ninian Central platform. The three remaining steel fabrication yards, Nigg Bay (Highland Fabricators), Methil (Redpath De Groot Caledonian) and Ardersier (McDermott) can take some comfort, however, from the fact that any platforms ordered over the next 12 months for the U.K. sector of the North Sea are likely to be steel structures. According to stockbrokers Wood Mackenzie, as many as 12 platforms could be ordered over the next year or so, including some smaller structures. Among the orders foreseen are platforms for Mesa Petroleum's inshore Beatrice Field, Amoco's Indefatigable gas field, Shell/Esso's North Cormorant Tern and Fulmar Fields, BP's Magnus Field and Phillips' Maureen Field.

Orders

In addition, orders can be expected for Amoco's North West Hutton and Phillips' Thelma Fields and the development of the perplexing Brae Field by the Marathon group should go ahead after prolonged appraisal drilling.

For the moment the Nigg Bay workforce totals some 2,300 men, not so far below the peak of 3,000 reached when the yard was building two platforms for BP's Forties Field and well above the low point of 800 reached last summer. But the yard needs more work urgently.

Highland Fabricators, formed in 1971 by Brown and Root of the U.S. and Wimpey, decided late in 1976 that it would have to diversify its activities into other areas of offshore engineering if it was to offer any continuity of work at a time when there were few platform orders on the horizon. Securing the order for the well-head module for the Northern platform, due for delivery in spring next year, is one of the first signs of success in this area. It is also actively pursuing rig repair work, much of which is usually carried out in Holland and Norway. Its first customer earlier this year was the Transworld 58 semi-submersible rig.

In addition Highland Fabricators is promoting its own design of integrated deck, which is designed to be fitted out like a process plant with all the necessary equipment before float out. The complete structure would be transported to the jacket already installed in the field, by barge and floated into position over the platform tower. The system is designed to avoid many of the offshore craneage and hook-up costs. But whatever the success of this deck system the yard's prosperity, which for three and a half years has rested heavily on the two Ninian jackets, now depends most crucially on attracting new platform orders, and they cannot come soon enough.

Kevin Done

Transport shuttles by sea and air

A FEW years ago a helicopter over Shetland was quite an event. Nowadays Sumburgh airport is so busy and crowded that helicopters sometimes have to "stack" overhead.

In an industry where perhaps more than any other time really does mean money, fast helicopter transport has a crucial role to play.

However, because of factors like weather and capacity, offshore, supply transportation must be flexible and this means there is a growing need for specialised platform supply vessels. With everything from personnel, clothing, food, concrete and piping to transport from shore to platform the offshore operator must have a wide range of supply vessels, aircraft and helicopters if he is to operate efficiently.

North Sea drilling rigs and production platforms can be like "mini cities" with up to 1,100 people on board at one time and they must be kept supplied with tools, equipment, fuel and the requirements of day-to-day living if costly delays are to be avoided.

The basic rule of thumb used by Chevron in the Ninian field is that helicopters move personnel while ships move freight. But because of North Sea weather the roles are often reversed. Ninian's transport needs are handled from Chevron offices in Aberdeen and a Chevron official said, "what we try to do is to keep the helicopters for moving people rather than freight, but we have moved everything by helicopter."

Chevron operates a mixed fleet of helicopters out of Sumburgh airport to the Ninian field 100 miles away. It consists of one Aerospatiale SA 330 Puma capable of carrying up to 20 people or 5,511 lb of cargo, one British Airways Sikorsky S61N, three Bristow Sikorsky 61s and two Bristow S-58Ts, a smaller version of the 61.

Flying time out to Ninian averages 1 hour 15 minutes for all but the Puma which is slightly faster and can make the trip in 1 hour. This gives a turnround time of between 2 and 2½ hours for the helicopters, considerably faster than by sea. Almost all platform personnel are flown by helicopter to Ninian from Sumburgh, the exceptions being Norwegian maintenance and marine crews who are flown direct to Ninian from Norway.

At present there are between 12 and 40 flights per day out of Sumburgh to Ninian's southern platform, but this number will obviously increase as operations expand. The logistics of helicopter flights are worked out in Aberdeen by the transport department in conjunction with the offshore installation managers.

By midday every day the transport staff are told what personnel movements are planned for the following day. By 2 p.m. a priority list has been drawn up in Aberdeen to meet these requirements and this is telexed to the installation manager. He then has until 6 the following morning to make changes in priorities depending on his own assessment of personnel requirements which can alter very rapidly.

The helicopter fleet also perform an emergency role. British Airways is appointed by the Government as the air sea rescue service and in the case of a "medi vac," or medical evacuation, it is their Sikorsky 61 which deals with the situation. In normal periods one hour is allowed for take off, but in the case of a medical emergency the helicopter can be in the air in 15 minutes.

Accidents

All platforms will have offshore medics capable of dealing with all but the worst accidents. Where a doctor's advice is required this is obtained from Lerwick by telex and if necessary the doctor will join the helicopter at the Norscot helipad to fly to the field.

The essence of helicopter operations is speed, reliability, flexibility and, most important, safety. Every helicopter is equipped with survival suits and lifejackets.

However, it is the weather that posed the biggest threat to helicopter operations. At Sumburgh the main problems are wind gusting up to 50 knots, mist and fog. If the blades become coated with ice the weight grounds a helicopter and in winds of 50 knots the engines cannot be engaged.

In these conditions personnel may have to be moved by ship, but the sea journey takes 12 hours so often the personnel wait in specially built chalet accommodation in Lerwick for the weather to lift.

Delays are also caused by sheer lack of space at Sumburgh and problems with the radar. Normally fixed-wing craft land once every four or five minutes, but if the radar is out of action "flow control" is put into operation. This means one landing every ten or 12 minutes and stacking problems develop.

The fixed wing aircraft used by Chevron are there for two main purposes, first to transport personnel between the mainland and Sumburgh and secondly to "weather watch" the area when helicopters are grounded. Almost all the platform crew begin their trip to the field aboard the fixed wing craft. At present Chevron use two De Havilland Twin Otters operating out of Aberdeen and capable of carrying 18 men each and two Dan Air Hawker Siddeley 748s operating from Glasgow or Teesside which carry 40 people each.

They are soon to be joined by a Viscount 700 operating out of Glasgow and Teesside and capable of carrying 60 people.

The Chevron sea transportation fleet is divided into four main categories, accommodation vessels, supply boats, specialised ships and emergency craft. All are on long- or short-term contracts from their owners.

Numbers

The need for accommodation vessels, which can also be used as supply craft, arises from the numbers of people involved when drilling and production begins. On the southern platform there are at present 1,110 people, 112 of whom live on the rig itself and the remainder live on two semi-submersibles anchored alongside.

A similar number will be required to man initial operations on Ninian central and because the platforms' "optimum" population is between 120 and 140 people there will probably always be a need for some form of additional accommodation on board semi-submersibles.

At present Chevron has two semi-submersibles anchored next to the southern platform. These are the Norwegian Borgila Dolphin and Viking Piper which was used previously as the Ninian pipelaying barge. A third barge is due to join the fleet soon.

These barges are anchored in position next to the platforms and because of weather conditions they are apt to shift their anchors, so Chevron has two anchor handling vessels on short-term contracts equipped with stern winches capable of replacing the anchors. These craft double up as extra supply vessels.

Chevron has five supply vessels on two-year contracts at present. These include specialised platform supply vessels owned by the big Dutch North Sea operator Smit Lloyd. They are highly manoeuvrable wide-beam craft featuring large deck space and bulk capacities. They are about 2,000 d.w.t. and are capable of high pumping rates of up to 100 tons per hour at 250 feet.

This rapid pumping facility makes them particularly suitable for pumping out fuel, water and the other liquids required on a production platform. In addition Chevron use a similar Norwegian Bugge supply ship and two smaller British Ocean Inchcape 1,080 ton supply vessels. The British ships have pumping capacities of about 80 tons per hour per 100 feet.

The supply ships are used for carrying almost everything to the field and the large deck space on the specialised supply vessels makes them particularly suitable for carrying heavy machinery and the high quantities of casing pipe required during drilling. Since storage capacity on board a platform is limited the ships make frequent journeys, averaging 1.5 sailings each per week. The single journey time from Aberdeen to Ninian is about 20 hours.

For emergency evacuation Chevron keeps three or four converted trawlers, capable of accommodating 200 people each, in the field at all times. As yet the company does not have any specialised pollution control craft although it says it is looking at the possibility of a permanent vessel for the area fitted with fire-fighting equipment.

Paul Taylor

Output fed to Sullom Voe

OIL AND EVENTUALLY gas from the Ninian field will be stored and shipped from the Sullom Voe oil terminal now under construction in a bleak inlet to the north of the Shetland mainland. Like so many projects in the development of the North Sea, it is massive in scale, involves many features novel in engineering and technology and is vastly complicated by the fact that the site is among the most remote in Europe. The nearest commercial airport is two hours' drive away and, until the oil companies began work, roads in the area were little more than tracks used to farm vehicles rather than contractors' lorries.

The terminal is being built at Calback Ness, a promontary which juts out into the Voe, and is about 31 miles north of Lerwick, the main Shetland town. Work on the 800 acres site began in February 1975 and is now well advanced, although bad weather and other factors have caused frequent hold-ups. Crude oil from the Ninian and later the Brent, Heather, Hutton, Cormorant, Dunlin, Thistle and Murchison Fields will enter the terminal through two pipelines which are already laid, and will be stored in 15 surface tanks and loaded out to tankers across three jetties.

When facilities are complete the terminal will also be equipped to handle gas, which will be processed and stored on the site. At present the design capacity is some 1.39m. barrels a day through the two pipelines, but when the 32 oil companies which are partners in the project meet again to discuss the matter, it is possible they will call for another phase of development to increase this figure. That will inevitably also mean a dramatic jump in the cost, which now stands at £672m.

Schedules for work on the project, which is being co-ordinated by British Petroleum, have been notoriously difficult to stick to. The inhospitable Shetland climate proved to be just one of the operators' worries and they have also had to contend with industrial disputes and the demands of the Shetlands Islands Council. Unique powers to control development on the site were gained by the Council when it successfully promoted the Zetland County Council Act in Parliament in 1974, and since then it has used them to ensure that disruption to the islands' way of life is kept to a minimum.

Shared

The Council, for example, insisted that there should be one shared terminal, rather than a proliferation of developments, that storage tanks should be screened to lessen their impact on the environment, that a rigid anti-pollution agreement should be signed and that Shetlanders should share in the prosperity operation of the terminal should bring to the oil companies. Under an arrangement finalised in March, the Council will receive a levy of 1p a tonne on oil passing through the terminal (the amount is indexed for inflation in both retail prices and world crude prices) in addition to substantial other payments to cover disturbance caused by the construction work and the cost of providing the port facilities, which the Council itself will own and run.

It has been estimated that income from the levy alone would be £1.5m. a year by 1981 (at December, 1977 prices) and that over the full 25-year life of the agreement the total sum accruing to the Council could top £25m. The assumptions made in these calculations are fairly conservative and the actual amounts may turn out to be substantially higher.

The negotiations over the siting of storage tanks particularly caused delay, and the project is now some two years behind its original programme. However, the impact of this slippage has been partly offset by delays offshore, which mean that first oil from Ninian will not be received until the end of the summer.

Deadline

Throughout last winter, BP and its subcontractors worked against the clock and the weather to meet a much earlier deadline. They had expected crude oil to start flowing through the pipeline in late May or early June and were fighting to be ready to receive it with the first four storage tanks and to load it across the first jetty. It was no secret that the race was a hard one, but by the end of last year BP was confident that it would be able to synchronise the commissioning of its first phase at the terminal with the completion of work on the Ninian Southern platform.

The delay offshore has given the construction team an unaccustomed breathing space. Four of the 15 storage tanks envisaged in the present plan for Sullom Voe are now complete, work is well advanced on another two and several more have been started. The first jetty—which will eventually be devoted to liquid natural gas rather than crude oil—is complete and ready to load oil out to the tankers and there is a chance that a second will be ready by late summer.

The extra time available also means that the power station, which will provide all the terminal's needs, could also be in operation by the time first oil is received through the line. Had it come in May standby generators would have had to have been used to pump crude into the storage tanks and out to the jetty.

Initially Sullom Voe will be able to handle only "dead" crude, that is oil which has already had any associated gas removed from it at the platform. Process plant necessary to liquefy and treat gases will not be ready until July next year, and this gas presents the oil companies with a problem.

The Department of Energy looks on gas as an energy source only marginally less important than oil and is reluctant to allow it to be wasted. Chevron, the operators on the Ninian field, have permission to flare off gas at the platform for a period of six months, so that the delay in commissioning treatment facilities at Sullom Voe should not prevent oil from being extracted. But what will happen after this if the terminal is still not ready to handle gas is still a matter in question.

At one stage Chevron considered a proposal that some sort of floating treatment plant—perhaps a converted tanker—should be tied up alongside the terminal to cope with gas until onshore plant was complete. But that plan, which got no further than tentative thinking, met with disapproval from the Shetland Islands Council and, it is understood, from BP, and has now been dropped.

So the problem of gas remains. Reinjection into the oil reservoir is a possibility and is being considered, but so far no conclusion has been reached.

Ray Perman

NINIAN CENTRAL OIL PLATFORM IV

The partners in the field

THE DEVELOPMENT of the Ninian Field has mirrored, more than most of the big North Sea discoveries, the pitfalls and opportunities of oil exploration around the world. The companies that have come together to exploit the U.K.'s third largest oil discovery range from members of that exclusive oil club, the Seven Sisters, through the State-owned interests of the British National Oil Corporation (BNOC), to Imperial Chemical Industries, one of the world's largest chemical groups, and a clutch of independents that include in their midst London and Scottish Marine Oil, an entrepreneurial venture founded largely to give the financial institutions a direct way of investing in the North Sea.

Now missing from the list, however, is Burmah Oil, the first operator of the Ninian Field, which was forced to bow out prematurely and sell its major share in the field to BNOC, in the struggle to extricate itself from severe financial difficulties.

The company that first made the discovery that has become known as the Ninian Field was British Petroleum, acting on behalf of a group that included Ranger Oil from Canada and London and Scottish Marine Oil, which later merged with its partner Scottish Canadian Oil and Transportation early last year. The find was made on block 3/8, about 85 miles east of Shetland. But further drilling showed that the field extended well into the adjacent block 3/3, an exploration area held by Burmah Oil, which sold its share to BNOC in 1975. ICI, Chevron Petroleum, Murphy Petroleum and Ocean Exploration.

The field has been developed by the participants in both blocks. Chevron took over responsibilities for the field in March, 1975, and BP has handled the construction of the pipeline and acted as chairman of the committee of management.

Chevron, the Standard Oil Company of California (SOCAL), has had something of a chequered career in the U.K. Only in the last few weeks remarks by Mr. George Keller, vice-chairman of SOCAL, have sparked a row with its State partner in Ninian, BNOC, which he accused of being an "albatross" that was making no contribution to the British economy but was responsible for a slowdown in North Sea development.

His remarks have since been played down, but the growing sense of unease between some of the world's biggest oil companies and the State oil corporation, which is establishing an increasing and dominant presence in North Sea development, has been reflected in comments from other oil companies, such as Occidental. But Chevron is not a newcomer to difficulties with the U.K. authorities.

Back in 1969 it applied for planning permission to build a £35m. oil refinery on the Clyde estuary. Along with another refinery application by one of its future Ninian partners, Murphy Oil of the U.S., Chevron's proposal ran straight into a full-scale argument about the way in which the Clyde estuary should be developed. At the time there was fundamental disagreement about whether the emphasis should be on industry or tourism and about the nature of the industrial projects that should be permitted.

Grew

As the years went by the cost and the scale of the proposal grew. By the time it was turned down after a lengthy public inquiry in 1971 it had become a £50m. 100,000 barrel-a-day refinery. Chevron doggedly re-entered the lists in 1973 proposing to build a £65m. to £85m. 7m. tons-a-year refinery at Hunterston, also on the Clyde Estuary. But by this time the Government was insisting that it was only interested in a refinery development if it led to the building of additional, more labour-intensive industries at the site and Chevron's proposals foundered again.

Chevron's name is relatively new to the oil scene in the U.K., because for many years its marketing interests were bound up with another of the Seven Sisters, Texaco, under the banner of Regent. In the late 1960s when the two giants of the oil world decided to separate their U.K. interests Regent was the third largest oil company in the country, owned 75 per cent. by Texaco and only 25 per cent. by Chevron.

Chevron, the sixth largest oil company in the world, began trading under its own name in the U.K. almost exactly 10 years ago, when it took over 93 of the petrol stations owned by the Caltex joint venture, which had traded under the Regent name. Standard Oil of California and Texaco had been associated together in joint marketing operations in the Eastern Hemisphere ever since the late 1930s when they formed a partnership to exploit Saudi Arabian oil. (It fell to SOCAL to discover the vast reserves of Saudi Arabia, after Texaco, Exxon and Gulf had all turned down the opportunity). SOCAL found itself with an abundance of crude oil but insufficient market outlets with the opening up of the Saudi reserves, and it was a natural move to go into joint venture with Texaco, which at the time was rapidly expanding, had plenty of markets and was glad of a new source of oil.

To-day Chevron still has no refinery facilities of its own in the U.K. to process its Ninian crude or to support its chain of petrol stations, but elsewhere in Europe it has connections with five refineries at Frankfurt, Pernis, Trecate, Rome and Feluy, and controls more than 6,000 service stations in Europe. Apart from its U.K. licences it is also active in exploration in Europe in Denmark, Holland, Spain and Portugal. Last year an international consortium for which it is operator, made the first offshore oil find in deep water in the Gulf of Valencia.

Taking in the group's worldwide interests Chevron supplies about 6 per cent. of the non-Communist world's market for refined petroleum products, which are derived from crude oil taken from areas from the Arctic to the Middle East and Australia to South America. Formed from the break-up of the original Standard Oil group—a move ordered by the U.S. Supreme Court in 1911—SOCAL has grown into a company that last year produced a total of 3.4m. barrels of crude a day worldwide and averaged daily sales of 2.4m. barrels of refined products. As in the late 1930s it still has an abundance of crude and a shortage of market outlets.

Unlike Chevron, with its 16.8 per cent. share in the Ninian Field, which traces its origins back 100 years to the first commercial oil well drilled in California, London and Scottish Marine Oil (Lasmo) with a 9 per cent. share only came into existence in 1971 and it did not become a publicly quoted company until last year.

Lasmo dates back to a meeting in 1964 between Jack Pierce of the Canadian Ranger Oil Group, which also has a 6 per cent. share in Ninian, and Michael Belmont, a partner in stockbrokers Cazenove. They gradually put together an institutional consortium to bid for exploration concessions. By 1970 they had collected a group of 30 leading insurance companies and investment trusts to form the consortium SCOT, Scottish Canadian Oil and Transportation. In 1971 this was enlarged by Cazenove and other backers to form Lasmo in order to bring in more substantial institutions.

By 1975 they were still unquoted and largely unknown oil companies faced with the task of raising from the public the larger part of their share of the development costs of Ninian, a total now put at £1.6bn. Owing much to the ingenuity of their advisers, Cazenove and Morgan Grenfell, Lasmo and SCOT broke entirely new ground by creating a new kind of security in the largest private-sector issue ever made on the London stock market. The security, Oil Production Stock, offered the investor a direct stake in the value of the oil extracted, and was offered in conjunction with fixed-interest loan stock. The move was entirely successful and raised finance for the two companies to the tune of £75.75m.

In January last year Lasmo and SCOT merged by means of a share exchange offer which effectively made SCOT a wholly-owned subsidiary of Lasmo. Six months later it was launched as a public company. Lasmo has still of course, to make any money, but once the oil starts flowing from Ninian its outflow of cash will be reversed, and profits are likely from 1980.

Seeking

Lasmo has signed agreements with the Belgian oil company Petrofina for the sale of crude up to the end of 1982 but for the four years from 1979 it has also kept the flexibility of being able to sell to other outlets it may develop. When the substantial cashflow develops from the Ninian oil Lasmo will be seeking other investments in oil exploration and production and is likely to participate in future licensing rounds.

Since mid-1974 Lasmo has received advice and technical services for the Ninian project from Ranger Oil of Canada, which also has a six per cent. share in Ninian. Ranger carried out its first technical survey of the U.K. sector of the North Sea back in 1964, but was unsuccessful when it applied for production licences in the first round in 1970.

But in 1972 it was granted interests in three licences and has since drilled several wells in the U.K. sector as operator. With BP, Chevron and Esso Exploration Norway it has participated in several other wells in the North Sea. To a small company like Ranger the Ninian discovery provides a great addition to its reserves of oil and gas liquids. Its share of proven Ninian reserves is estimated at some 57.8m. barrels. At the end of 1976 it had proven reserves of 6.7m. barrels in Canada and 528,000 barrels in the U.S.

Its $120m. financing deal to fund its share of Ninian development was another novel package, virtually arranged on the back of Chevron. Chevron will purchase Ranger's share of Ninian oil throughout the life of the field and in return Chevron has guaranteed Ranger's obligations under its $120m. bank loan.

The biggest shareholder in Ninian, however, is the State-owned BNOC with 21 per cent. It acquired its interest in March 1976 when it bought out the share held by Burmah Oil for about £90m. Along with its equity share in the Thistle Field, of which it is operator—and which it also acquired from Burmah — BNOC's share in Ninian will mark the latest role it is playing as an oil trader.

By 1980 it will be handling between 800,000 and 1m. barrels a day of equity and participation crude from the North Sea and this will be added to by oil taken as royalty. The total will be a significant one even in world terms. BNOC will be controlling perhaps as much as 7 to 10 per cent. of the world's total output of low-sulphur premium crude. Apart from its position as an oil company, BNOC's advisory and monitoring role in offshore affairs has grown rapidly in the last two years, often to the unease of

CONTINUED ON PAGE VI

The maintenance programme

NORTH SEA experience to date has tended to strengthen the emphasis laid by operators on the need for adequate inspection and maintenance programmes. There have been a number of occasions, probably more than expected, when producing platforms have had to shut down for repairs.

Shut-downs are very expensive, even when brief. Cash flow from production ceases; operating costs continue. In addition to the need to conform to the requirements of the authorities, therefore, an operating company has every incentive to do all it can to look after field facilities in the interests of itself and its licence partners. Chevron, as Ninian Field operator, is no exception.

If there is a difference between Chevron and other North Sea operators it is that, although Ninian is Chevron's first North Sea field, the company has been working offshore for some 30 years and has been an operator in virtually every major offshore oil province in the world.

This experience, says Chevron engineers, does not engender a feeling of know-it-all arrogance, rather one of humility. Inspection and maintenance has top priority in Chevron, says Warren Breiner, operations supervising engineer, because the company knows what may happen if it is neglected. "An ounce of prevention is worth a ton of cure."

But that ounce of prevention, though valuable, will also be costly. And is usual in the North Sea, most of the work will be undertaken on contract and Chevron acknowledges that there is a sizeable continuing market ahead on Ninian for contractors of many kinds. Long-term contracts are not considered appropriate and most work will be placed on a job-to-job basis. Nevertheless, it is foreseen that efficient competitive contractors could well be active on Ninian with little interruption throughout the field's productive life.

Weather

The principal difference between maintaining an offshore and an onshore installation is the offshore operator's dependence on the weather. As in construction, so in operation; bad weather can hinder or halt the arrival of men and materials and hold up the work itself. For example, last winter, when derricks were being built on the southern Ninian platform, appalling weather meant that in one 30-day period only 30 hours of work were possible.

So Chevron's inspection and maintenance programmes for the Ninian platforms are planned to peak annually in the middle of the summer weather window.

Each programme covers a five-year period up to the time when the platform's certificate of fitness is due for renewal. During this time every item on the platform will have been examined. The more sensitive areas—pipeline risers, for example—will be looked at every year.

The programme is designed to be flexible and to be modified as experience grows. Should specific items give cause for concern, the intervals between each inspection will be reduced. Conversely, since the programme, Chevron insists, is an unusually stringent one, it may be possible to increase the intervals between inspections in areas found to be trouble-free.

Visual inspection is supplemented by built-in monitoring and protection systems.

For example, Ninian's steel platforms, like all steel platforms in the North Sea, have cathodic protection systems designed to safeguard the structure against corrosion. In Ninian's case, sacrificial anodes are used until the platforms become operational. Then an induced anode system takes over. Anodes set in the seabed are activated by current from the platform generators. One of the advantages of this system is that it means a valuable reduction in jacket weight. Another is that it can be monitored by observing current flow from the platform.

To give an early warning of any damage to the steel structures, such as faulty weld or a broken strut, Chevron is about to instal a system on the southern platform which will indicate changes in rigidity. The system will be experimental at first but, if successful, will be fully installed on both Ninian's steel platforms.

On the concrete central Ninian platform damage by sea action or fatigue is considered less likely. After all, one of the points made in favour of concrete platforms is that they are comparatively maintenance-free. Nevertheless, the concrete structure will be carefully examined annually.

And an immediate and rigorous examination of both steel and concrete structures will, of course, be necessary if they are subjected to impact—hit by a ship, for example.

Under no circumstances is any monitoring system regarded as a substitute for periodic visual inspection, says Chevron. In the case of the subsea parts of the installations, this will be done by divers, manned submersibles and remote-controlled vehicles (RCVs).

Chevron is particularly interested in the use of RCVs—underwater "robots" carrying TV cameras for inspection and capable of carrying out certain manipulative functions — and has tested several different types.

The use of divers will be avoided wherever possible, not simply because they tend to be expensive but because the company is greatly concerned by the risks involved, particularly to saturation divers. Nevertheless it is recognised that there is no practical substitute for divers in a number of subsea operations.

Charter

To provide services essential to the inspection and maintenance programmes, Chevron is about to charter a dual-purpose monohull ship, equipped to the company's specifications, which will be stationed on the field on long-term contract.

The ship will have fire-fighting equipment including a water-pumping capacity of 30,000 gallons a minute. But it will earn its keep as a base for inspection and maintenance operations. It will have air diving capability and will be capable of accepting modular saturation diving equipment. In Chevron's view, this is preferable to a ship with permanent saturation facilities since it saves the considerable cost of maintaining facilities when they are not in use.

But Chevron has deferred the decision to order a large and advanced semi-submersible maintenance support vessel similar to that recently delivered to Phillips Petroleum, *Phillips SS*, and to those which other North Sea operators have either ordered or intend to order.

"We are first going to get at least a year's operating experience on Ninian in order to assess our needs more accurately," says Mr. Breiner, "we may then order a suitable semi-submersible."

In the meantime, with the arrival of the monohull support vessel, the company considers it will be adequately equipped to carry out its inspection and maintenance programme and will be well covered on the safety side.

The Ninian Field's installation phase will continue for more than a year and during that time there will be large vessels on the field able to help in an emergency. At the moment there are two—the *Borgland Dolphin* and the *Viking Piper*.

Chevron is also a member of its North Sea sector club—the "red" sector club—formed to ensure co-operation between nearby operators in the event of a major incident such as a large fire or a blow-out.

Bruce Andrews

NINIAN CENTRAL OIL PLATFORM V

Delivery by seabed pipeline

THE DISCOVERY of the Ninian oil field over 100 miles east of Shetland confronted the oil industry with one of its greatest challenges in terms of oil collection.

The main factors affecting choice of oil collection and transportation systems are costs and safety. The costs factors can also be subdivided into capital costs, operational costs, maintenance costs, the costs of delays in productive capacity because of systems failure, and in the North Sea in particular, weather. Safety factors, however, are more difficult to estimate since they depend on an evaluation of the likely results of a systems failure.

The bulk of the costs involved in pipeline transportation are related to capital investment whereas with tanker transportation, which provides the basic alternative, the majority of the costs are operational Where recoverable oil reserves are high, as they are in Ninian, the higher investment cost is justified in terms of sheer oil volume.

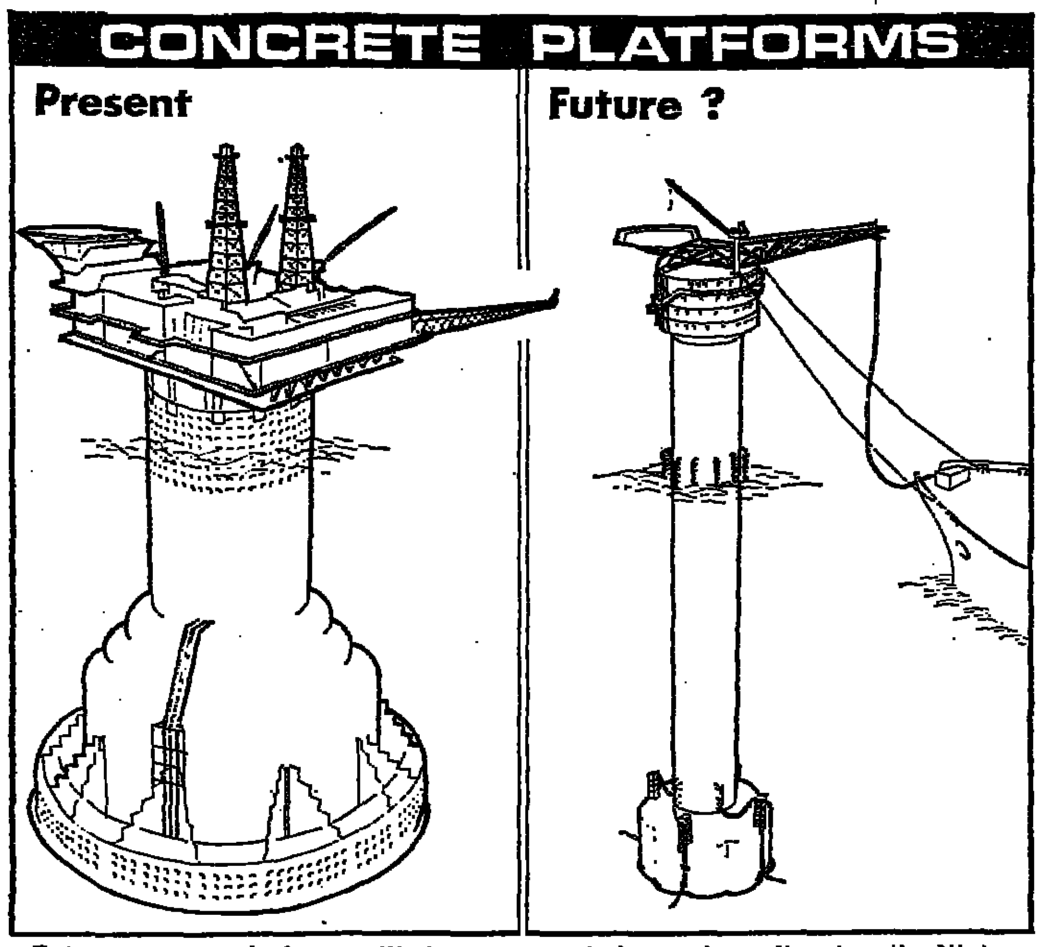
In the case of Ninian the safest and most economical method to collect and distribute the oil was to lay a 36-inch diameter pipeline along the seabed, a formidable challenge but one that was met and conquered with few problems.

British Petroleum announced the discovery of Ninian in January 1974 but even before that extensive seabed surveys had begun from the Brent field for a pipeline to the planned oil terminal at Sullom Voe in the Shetlands. A variety of techniques were used to evaluate possible pipeline routes. These included echo sounders to measure water depth, side-scan sonar to reveal possible obstructions such as rocks and wrecks, and the "boomer" to send low frequency signals through the water and the first 50 feet of seabed to reveal the structure of the ocean bottom.

Samples of the seabed were collected using a vibracorer, underwater cameras mounted on mini-submarines photographed areas in detail while current meters were used to test the speed and direction of water flows at various depths.

For the final section of the pipeline across the land, permission had to be obtained from local landowners. Conservationists were consulted about restoration works and archaeologists were asked to advise on the best route to avoid Shetland's historical relics. Once the survey work was completed the final route of the pipeline was decided.

The total length of the ocean section of the Ninian pipeline is 158.15 kilometres starting at Ninian central and stretching westwards before bending south round the Pobie Bank to landfall at Grut Wick on Lunna Ness. The pipeline crosses Lunna Ness to enter Swining Voe, a 4 kilometre-wide stretch of inland water, at Cull Ness reaching land again at Firth before running parallel with the Brent pipeline for the remaining stretch to Sullom Voe. The total length of the land section, excluding the water crossing, is 12 kilometres.



Future concrete platforms will almost certainly be much smaller than the Ninian structure (left). Howard Doris has designed a gravity tower (right) that could be installed on new North Sea discoveries.

Links

A trunk pipeline, 24 ins. in diameter, links the southern platform into the Ninian pipeline via Ninian Central. A further trunk line, not yet constructed, will link the northern platform in a similar manner. Yet another trunk line will link the Union Oil Heather field into the system adding an estimated extra 50,000 b/d to the Ninian throughput.

There are 13 companies in the Ninian Pipeline Group, with British Petroleum acting as pipeline constructor. The total cost of the pipeline is said to be £160m. Despite the cost, the alternative collection system involving deep-water single point moorings to service a shuttle of oil tankers, was not considered economically viable. Pipeline design work began in May, 1974 and in January, 1975 BP signed a contract with the Swiss-registered Viking Offshore.

The pipe itself, 40-ft. lengths of thick-walled high tensile steel, weighing a total of 60,000 tonnes, was supplied by four companies — Kawasaki Steel of China and three Japanese companies, Sumitomo Metal, NKK Fukuyama and Nippon Steel.

After shipping to Invergordon each length was coated with an anti-corrosion wrapping and covered with concrete to give further protection and, more importantly, to weigh the pipe down in the trench. The pipe lengths were then stockpiled in the Norscot supply depot in Lerwick run by Norscot Services.

Pipelaying began in June, 1975 using the semi-submersible barge Viking Piper owned by Viking Offshore. The special design of the 550-ft. craft enabled it to ride through the large waves of the inhospitable North Sea rather than over them.

Apart from the weather the major problems on the ocean pipeline section were the depth of water, sometimes more than 500-ft. deep and the seabed which was irregular and boulder strewn.

The first section to be tackled was the most difficult. Within half a mile of landfall at Grut Wick the seabed drops 270 feet. There were the inevitable teething problems, mostly related to the anchor winches which were eventually completely refurbished during a winter refit in Hamburg.

During pipelaying Viking Piper had to support 1,200 feet of pipe in a carefully controlled "S" shaped curve. A stern ramp or "stinger" supported the pipe and controlled the shape of the curve so excessive strain was avoided.

On board, tensioners capable of exerting up to 300,000 lb tension, held the pipe in position. The maximum tension was in the region of 260,000 lb. Twelve anchors grouped in sets of three round Viking Piper held the craft steady while pipe lengths were welded together on the "firing line," the welds were then tested using X-ray and ultrasonic methods.

Each join was wrapped in a strip metal sheathing filled with bitumen and reinforced steel fabric. As laying proceeded the anchors were hauled up and moved on by tugs while Viking Piper "crawled forward" on its anchor winches leaving another section of completed pipe.

Apart from the tugs and supply boats bringing fresh supplies of pipe there were other craft involved in the operation. A survey boat mapped the precise position of the pipeline and a two-man Vickers mini-sub made a videotape recording of the condition and attitude of the pipeline as it was laid on the seabed.

Refit

The first 66 kilometres of the pipeline were laid by the end of October, 1975 when Viking Piper went to Hamburg for a refit. Pipelaying began again in April 1976. On May 23 the final 93 kilometres of pipe had been put down on the seabed. For this final section Viking Piper had averaged over 1.86 kilometres per day. Despite waves of up to 8 metres high, not once did the pipeline have to be placed back on the seabed. The record for pipelaying was 254 lengths per day and BP officials describe performance on this section of the project as "very good."

Once Viking Piper had finished its work on the main pipeline it began laying the 24-inch pipe to the southern platform while the main Ninian pipeline was pressure checked. Viking Piper was followed by the Creek, a trenching barge owned by Santa Fe which began work on April 27, 1976. The Creek continued trenching into 1977. A trench was made using water jets, high pressure air and a sledge making several passes to achieve he required depth.

On land there were different problems with which to contend. William Press were awarded the contract for laying the 960 lengths of pipe with the exception of the four kilometre Cul Ness water crossing which was handled by Land and Marine. The top soil on Shetland is primarily peat on a clay subsoil and apart from the obvious problems of cutting through rock it was the reinstatement of the peat which provided most of the land section headaches.

Conservationists and the North of Scotland Agricultural College provided some of the advice in this area. The peat was sometimes 15 feet deep while depths of 9 feet were quite common. Having reached the clay or bedrock a trench 7 feet deep and 5 feet wide was dug ensuring the pipeline was always buried to a depth of at least 3 feet.

Particular care and attention was paid when planning the land route to the need to protect flora and on Lunna Ness the route was also altered to preserve the remains of an old monastery.

Work on the land line was started in three different sections. One of the most difficult areas was the cutting through of a high cliff where the line re-emerges from water at Firth Ness. For the last 4 kilometres the Ninian pipeline shares a common route next to the Brent line parallel to the new Sullom Voe access road.

After careful reinstatement using lime and slag before replacing the peat, and seeding to prevent erosion, much of the land pipeline scar has not healed. Where the line ran through dry stone walls these have been rebuilt and soon the heather will return to mask the pipeline route for ever.

Much of the ocean section of the Ninian pipeline has now been in the sea for two years. Although it has been subjected to periodic tests, and will continue to be surveyed by submarine at least once a year when in use, the final test comes when the first oil is pushed through the line using pumps on the production platforms.

The line's maximum throughput is about 950,000 b/d but actual throughput from Ninian's and Heather is likely to peak at about 360,000 b/d in 1982 providing plenty of spare capacity, for more discoveries.

Paul Taylor

Set among a cluster of major finds

THE NINIAN Field, the third largest in the U.K. sector of the North Sea, lies some 90 miles north-east of the Shetland Islands in one of the most prolific offshore oil producing areas in the world.

The field is located in a cluster of major finds, all of which have been discovered in the East Shetland Basin which straddles the U.K./Norwegian median line in this northern part of the North Sea.

These discoveries — Brent, Thistle, Cormorant, Statfjord, Hutton, Murchison, Heather, Ninian, Magnus, Dunlin, and Tern — will contribute most to Britain's oil and energy self-sufficiency in the 1980s. Most of the crude from these fields will be transported ashore through two pipelines: the Brent and Ninian lines to Sullom Voe in Shetland. The proximity of these fields will probably give rise to common gas gathering facilities as well; indeed Shell and Esso as owners of the Brent Field and Brent gas pipeline have already begun discussions with neighbouring operators.

Reservoirs

But the development potential of the East Shetlands Basin has been far from exhausted. It is known that smaller (but not that small) reservoirs very close to existing fields are there to be exploited — discoveries like North East Thistle and North Cormorant.

Most of the oil in this region is thought to lie in rock depths of between 9,000 and 12,000 feet. It is an area that has rewarded exploration groups with a far higher rate of success than the worldwide average. Between 1970 and 1977 no less than 227 exploration and appraisal wells were drilled by semi-submersible rigs. Of these wells, 43 discovered oil or oil and gas condensate. The success ratio of dry holes to discovery wells was running at an impressive 3:1 during the period 1970 to 1976, although with many of the best features explored this ratio slipped to 7:1 in 1977. But even this achievement was well above the world average.

According to an analysis by British National Oil Corporation (BNOC) there are a few remaining structures to be investigated in this region of the North Sea. While the features are likely to be relatively small they do have a high potential for successful discoveries. So exploration staff within the Corporation believe that some 34 per cent. of the exploration activity on the U.K. Continental Shelf will be concentrated in the East Shetlands Basin. In future years the emphasis will swing to new areas with the result that the East Shetlands Basin will account for an estimated 22 per cent. of exploration drilling next year and only 9 per cent. in 1981.

The Ninian Field was discovered and initially appraised in 1974 when it was becoming clear that Britain was on the threshold of being one of the world's top 10 oil producers. In March the BP/Lasmo/Ranger consortium drilling on its block 3/8 encountered a substantial thickness of oil-bearing sandstone. Another well drilled on the block that summer tested an oil flow of 3,100 barrels a day.

But the consortium's neighbours—Burmah (now BNOC), ICI, Chevron, Murphy and Ocean Exploration — were having even more success with their drilling on block 3/3. In April they had completed an exploration well which tested on flow rates of 2,600 to 8,200 barrels a day. The second well on the block, drilled immediately afterwards confirmed the structure as an important find for this time oil flowed at rates from 3,900 to 9,350 barrels a day.

Further evaluation over the next two years, when four more wells were successfully drilled, proved the Ninian structure to be a tilted fault block running north to south through licence blocks 3/3 and 3/8.

The oil reservoir itself is a Middle Jurassic sandstone, a widespread formation that is productive in other northerly parts of the North Sea. The total oil column is approximately 1,100 feet thick for the highest point of the structure is about 9,300 feet below the seabed and the oil-water contact occurs at about 10,397 feet.

Estimates

According to petroleum consultants DeGolyer and MacNaughton the amount of oil-in-place within the Ninian structure is a shade over 3bn. barrels. Estimates of recoverable reserves vary between 900m. and 1.2bn. barrels. The Department of Energy's latest "Brown Book" of offshore statistics quotes the operator's estimates of proven recoverable reserves as 1.16bn. whereas North Sea analysts at stockbrokers Wood, Mackenzie, have opted for a figure of 1.1bn.

All the participants have agreed to proceed with development on the basis that 30 per cent. of the recoverable reserves lie in BP's block 3/8 and 70 per cent. lie in Chevron's block 3/3.

The initial rate of production expected to be attained in the fourth quarter of this year, should be in the region of 50,000 to 60,000 barrels a day. Output could rise to 150,000 b/d next year and peak of 360,000 b/d in 1982. This peak rate will be short-lived, however, and after a period of only one or two years production will begin to decline at an annual average rate of about 15 per cent.

The central platform—the hub of the production system—will account for a major share of the expected oil flow. Lummus, in association with Crest Engineering (U.K.) and Humphreys and Glasgow, has designed and supervised the fabrication in British and Dutch yards of the modular superstructure which will be capable of accommodating 42 wells and two drilling rigs.

By the early 1980s the central platform alone should be producing oil at the rate of 276,000 barrels a day. Water injection wells will help to maintain the reservoir pressure to boost oil output. In view of the unsaturated nature of the reservoir and the uncertainties surrounding the amount and effectiveness of the natural water drive, the Ninian partners believe that the field cannot be produced economically without some form of pressure maintenance.

Reinjection of gas might have been an answer to the problem, but it was found that there was insufficient natural gas in the reservoir to perform a full reinjection programme. Furthermore, the Ninian partners were concerned that re-injecting gas could harm the oil reservoir.

Consequently, water injection was chosen. All this means that the platforms have been designed for simultaneous drilling, oil production, gas liquid recovery, water injection and crude oil transfer. The central platform will handle 220,000 barrels a day of injection water quite apart from the 276,000 b/d of oil. Furthermore, the central platform will serve as a junction for the shore pipeline, the gathering point for oil from the other two Ninian platforms as well as for oil from the nearby Heather Field, and as the junction for a regional telecommunications terminal. This helps to explain why the central platform is such a monster installation.

Ray Dafter

Victuals and other supplies for men on the rig

IT IS no easy task to care for the bodily needs of several hundred men isolated for at least two weeks at a time in the very eye of the North Sea some 110 miles off the coast of the Shetland Isles. But Scot Catering and Offshore Services, which has just won the "hotel" contract to supply the central platform of the Ninian Field, faces the prospect with equanimity.

Those in the offshore catering industry cannot have been surprised by the news that the central platform contract had gone to Scot Catering. The company, which is a U.K. subsidiary of the Norwegian group Stavanger Catering, already supplies the first of the three installations destined to operate in the Ninian Field. If the company's supply contract is eventually extended to the third and smallest rig—which should go into position later this year—Scot Catering will have something like 45 employees working in the Ninian Field supplying everything from food to bed linen.

Between them the three installations will house some 326 beds spread between four- and two-man rooms. The central platform itself will match the south platform (already in position) with 168 beds: its off-duty facilities will extend to a 50-seat cinema together with a recreational room containing pool tables plus the sort of infrastructure needed for dart, chess and table tennis tournaments. To make up for the lack of direct television—the platforms are out of range of U.K. transmitters—the operating company, Chevron' intends eventually to install video TV sets.

Scot Catering plans to operate on the central platform with a qualified catering staff of 16. Its equipment will be among the most up to date within the North Sea complex and the company hopes to "set precedents wherever possible in the quality of our merchandise." Scot Catering's management is only too aware of the keenness of the competition for offshore supply contracts—both from this country as well as from overseas.

Pedigree

It is clear, however, that the company has the sort of pedigree needed for the task it faces in the Ninian Field. In the 2½ years since it was formed by its Norwegian parent, Scot Catering has been expanded into an operational unit mobilising some 425 employees all over the world—on inshore and land-based construction sites as well as on offshore installations.

The company's operational parameters on the Ninian contracts are defined by the undertaking to provide a "full housekeeping and janatorial service" 24 hours in every day. Its chain of supply is long and difficult and the company has to work within a flexible framework. But once the Ninian rigs settle down to full production one of the major economic advantages of offshore catering—forward, fixed costing—will come into force. Within limits, an offshore supplier has a fixed, captive audience, and it works from a supply base that is replenished just once a week.

Bad weather will drop an occasional spanner into the finance director's figurework, especially during the winter months. But the catering industry at large is renowned for its resilience in the face of sudden upsets, and the offshore practitioners in the noble art of putting food and drink on the table are just as nimble footed as their onshore brethren. In general, at least two-weeks' supplies are stored on a rig in case of emergencies.

Food served on offshore installations is described as "up to the standard of a luxury hotel." Experienced observers will take this statement with salt to taste, but there is no denying the wholesomeness of offshore fare or the size of the portions. Self-service is the inevitable rule at sea, and breakfast is of necessity an ad hoc affair. But the early-morning menu planned for the Ninian central platform is remarkably long. Lunch and dinner extend to fully three choices of hot dishes, plus an optional cold table.

At their present stage, with full operational schedules still some months away, the offshore installations within the Ninian Field continue to present offshore caterers with a problem of shifting population—shifting in the geographical sense as well as in the actual numbers to be fed and watered.

When the central platform was under construction at Loch Kishorn, some 2,000 men had to be catered for daily. They worked a three-shift, 24 hour day. Since then the central platform has moved from dry dock to floating dock, to a point one mile off the coast and finally to a site 10 miles out where it awaits a fixing point in the Ninian Field. At present, it is flanked by an accommodation module providing living quarters for workers putting the finishing touches to the platform.

The task of supplying the mammoth onshore army of workers at Kishorn fell to Sea Hotels which is the offshore catering arm of Grand Metropolitan's industrial catering division. Soon, Sea Hotels' links with the Ninian installations will come to an end, but the company's experiences provide an illuminating insight into the workings of an offshore catering company.

In the financial year ended last September, Grand Metropolitan's industrial catering activities returned "greatly increased profits" helping the group to push its overall pre-tax returns up to nearly £78m. and expand its sales base to £1.64bn. Registered in Aberdeen, Sea Hotels has built up its sales to around the £5m. mark since Grand Metropolitan went into the offshore catering business in 1974. And although the company relies on parent company buying muscle for much of its success it has of necessity maintained a large measure of independence.

Offshore installations of the exploratory type move around with some frequency and supply demands vary with weather conditions. At the same time any number of differing nationalities have to be catered for. Sea Hotels finds that many of its supply purchase demands do not over-lap with the needs of the Grand Metropolitan central buying chain which is geared to large, land-based hotels.

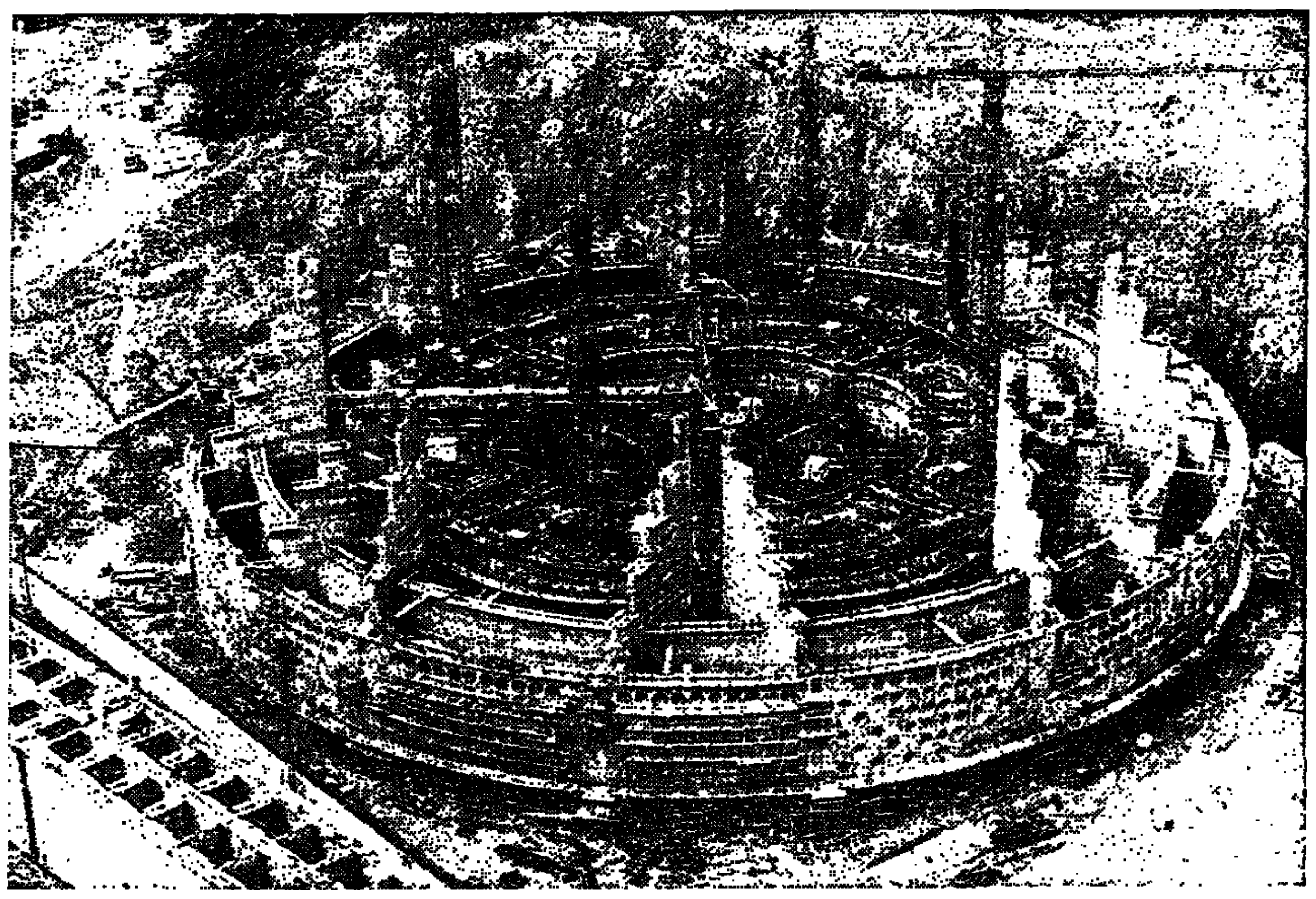
Once the right supplies have been purchased the task of distribution is undertaken by the oil company—the operator of the offshore installation. But storage out at sea finds the catering ball firmly back in the supply company's court.

Sea Hotels makes the point that sea storage can at times be inadequate. On an oil rig space is at something of a premium and often the number of personnel involved will extend beyond the numbers envisaged when an offshore installation was originally designed. Less than perfect storage conditions can pose all sorts of problems for a catering company, especially when the weather turns sour as is so often the case in the North Sea.

Curiously, very few vending machines are found on rigs. There are drink dispensers, which offer water and squash free of charge and in this context it has to be remembered that very little cash actually changes hands out at sea. For safety reasons apart from anything else, offshore installations are "dry" with alcoholic drinks not available, at least in the U.K. sectors.

Items like newspapers, cigarettes and toiletries can be bought at the rig "shop" and tobacco has the advantage of being duty free.

Jeffrey Brown



Where it all started. Opening stages of construction at the Howard Doris Platform Yard, Loch Kishorn.

Partners

CONTINUED FROM PAGE IV

the partners with which it is operating commercially.

But it appears that its influence can only grow. Since the fifth round of offshore licensing, it has been granted a 51 per cent. equity interest in virtually all blocks allocated. In addition, the Government has taken steps to give BNOC the first right of refusal to be involved in any farm-in deals, a move that has created a good deal of concern among other North Sea operators. And under the sixth round it appears that oil companies may be asked to pay at least a share of BNOC's exploration costs, although details will not be known until later this month.

For Imperial Chemical Industries the exploration for and production of oil is a secondary activity to its main occupation of being a chemical company. But with about 50 per cent. of its £4.6bn. annual turnover based on oil-derived products, it is clear that it has a big interest in both knowing the mechanisms of the oil industry as participant and customer, and in having a certain security of supply for its large purchases of oil and gas for both fuel and feedstock.

ICI first entered exploration in the early 1960s in a search for gas in the southern sector of the North Sea. Now with its 18 per cent. interest in the Ninian Field and its access to the Thomson Organisation's share of crude from the Piper Field, it is covering some 20-25 per cent. of its needs from its own resources. Apart from the North Sea it also has interests in exploration leases off the U.S. Atlantic coast in the Baltimore Canyon trough and in the Gulf coast area of Mississippi, Louisiana and Texas. ICI also has a half-share in a refinery on Teesside, supplies a chain of petrol stations mainly in the North of England and last year it emerged as a significant oil trader in its own right, buying and selling oil worth £69m.

The U.S. Murphy Oil Corporation has two stakes in the Ninian Field, one directly through Murphy Petroleum, which has a 7 per cent. share in the field, and another through Ocean Exploration, which also has 7 per cent. of Ninian and which as part of Ocean Drilling and Exploration (ODECO) is 51.9 per cent. owned by Murphy.

Ninian is the biggest item in Murphy's capital expenditure programme and for a small oil company it has added greatly to its reserves of crude. The North Sea field is the biggest single part of its reserves at 114m. barrels. It is followed by reserves of 87.6m. barrels in Iran, 48.1m. barrels in the U.S. and 25.8m. barrels in Canada. It has been undertaking various related capital expenditure programmes to ensure that the large influx of North Sea crude can be successfully integrated into its refining and marketing operations. Earlier this year it announced a joint project with Amoco to build a £75m. catalytic cracker at Amoco's refinery at Milford Haven, South Wales.

Process

This project will give Murphy the right to process crude through the refinery, and without increasing the overall capacity it will allow the two partners to produce more petrol and less heavy fuel oil.

The final Ninian partner, British Petroleum with 15 per cent., has already established a pre-eminent position in the North Sea. In Ninian it is the chairman of the management committee, operator of the Ninian pipeline and manager of the Sullom Voe Terminal in the Shetland Islands. Eventually through two pipeline systems Sullom Voe will be receiving oil from some of the biggest fields in the North Sea including Brent, Ninian, Thistle and Cormorant.

The North Sea already accounted for 12 per cent. of BP's supplies of crude last year from a worldwide total of 169m. tonnes. Production from its North Sea Forties Field increased to some 20m. tonnes, but liftings from OPEC sources still provided 80 per cent. of the group's crude oil supply. The fourth and last platform in the Forties Field, the second largest discovery in the U.K. sector of the North Sea, came into production a year ago, and BP is now planning the development of two more North Sea fields, as operator, the Magnus and Buchan discoveries.

Kevin Done

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FARMING AND RAW MATERIALS

India seeks builders for grain stores

NEW DELHI, May 4.

THE FOOD Corporation of India will invite world tenders for the construction of 3.2m. tonnes of modern grain storage capacity, officials told Reuters here.

The World Bank will contribute to the financing of the project, which will cost about Rs.3,500m. Work is expected to start a year from now.

The Food Corporation has 6.3m. tonnes of covered storage capacity at present. It has hired another 6.5m. tonnes of storage from private sources and at one time stored another 7.5m. tonnes of grain under makeshift arrangements in the open.

The corporation's grain stock is now below 14m. tonnes, having reached more than 20m. tonnes last year.

The Government plans a reserve of 12m. tonnes and operational reserves of between 3.5m. and 8.5m. tonnes, depending on the season.

World olive oil glut forecast

WASHINGTON, May 4.

WORLD OUTPUT of olive oil, excluding sulphur oil, in the 1977-78 crop year is forecast at 1,354,000 tonnes, the U.S. Agriculture Department said in its weekly roundup, reports Reuter.

This is 2 per cent more than the 1976-77 production of 1,329,000 tonnes.

Supplies will remain "excessively high" throughout 1978, because high prices and price supports are diverting demand to cheaper products.

'U.K. can strike fish bargain with Norway'

BY CHRISTOPHER PARKES

THE GOVERNMENT should sidestep Common Market rules and strike a bilateral bargain on fishing rights with Norway, according to a House of Commons report published yesterday.*

British trawlermen stood to gain catching rights for 50,000 tonnes or more of valuable white fish in Norwegian waters, Mr. Hamish Watt, Scottish Nationalist MP for Banff, and a member of the team which prepared the report, said yesterday.

The paper on the decline of the fishing industry in the U.K., prepared by the Commons Expenditure Committee, notes that the EEC Commission and the Council of Ministers seem unable to agree on a negotiating stance to be adopted with non-EEC coastal nations.

The EEC, as well as attempting to share out fishing rights in its own 200-mile zone, is keen to negotiate rights for Community fishermen in non-EEC waters with reciprocal rights in the Community zone for fleets from foreign waters.

The report says: "Norway and the U.K., if left to themselves, would probably find it easy to conclude a bilateral deal which would suit them both."

The Foreign Office had warned the Committee that such a deal would be contrary to Britain's EEC treaty "obligations." But the report points out that the Danes have already struck bilateral bargains with Norway and Sweden to enable Danish trawlers to catch herring in their waters, so any departure from EEC practice would not be without precedent.

The Ministry of Agriculture commented bluntly that it was the EEC Commission's job to negotiate access to third country waters and that was what it was doing.

The all-party committee also throws its weight behind the Government campaign to guarantee a fair share of the fish in the U.K. 200-mile zone for British trawlers. And it stresses that the ultimate target should still be a 50-mile fishing zone reserved exclusively for Britain.

The Minister of Agriculture has been negotiating recently over the EEC Commission's complicated compromise proposals. The old claim for a 50-mile zone has been all-but forgotten, and changed to a claim on a "variable belt" 12 to 50 miles wide.

Conservation of fish stocks is essential, says the report. With careful management stocks should recover so that one day they might support the British Fishing Federations' "optimistic forecast" of a 1.5m. to 2m. tonne British catch. Landings last year were 900,000 tonnes.

* *Fifth report from the Expenditure Committee: The Fishing Industry, HMSO, £2.35.*

Sugar price forecast to reach £140

By Our Own Correspondent

THE WORLD price for raw sugar will reach £140 a tonne by the end of this year, provided the U.S. ratifies the International Sugar Agreement by the end of June, Mr. Gordon Jackson, head of Australia's sugar marketing agency, claimed in London yesterday.

Mr. Jackson, general manager of CSR, which handles all Australia's sugar trade, based his forecast on the ISA target for the end of the year of 11 U.S. cents a pound. And he claimed that his forecast was supported by futures market prices between £130 and £140 a tonne for October delivery.

He was also confident that the U.S. would ratify the agreement in time for the deadline. But in any case, if there were delays "for technical reasons" he thought it likely the deadline could be extended.

His forecasts had no visible impact on world prices in the London Market yesterday, however.

The daily price for raws was cut £1 to £100 a tonne and futures prices slipped again by around £1 a tonne, mainly influenced by confirmation that the Indians would try to sell a further five cargoes of whites for July-August shipment today.

New Zealand wool values slip

WELLINGTON, May 4.

THE AVERAGE price realised for greasy wool sold in New Zealand in the season to March 31 fell to 190.95 NZ cents a kilo from 225.40 in the same period last season, according to the New Zealand Wool Corporation, reports Reuter.

Sales to March 31 were 1.01m. bales of greasy and 24,946 bales of scoured wool, weighing 163,907 tonnes and realising $NZ296.18m.

This compared with 1.05m. bales of greasy and 23,635 bales of scoured wool weighing 163,886 tonnes and worth $NZ371.91m. in the same period of last season.

At the end of March, the corporation's stockpile was 214,070 bales, compared with 103,801 bales in July last year.

● The Australian Wool Corporation reports that its stocks fell to 1.12m. bales in March from 1.21m. at the end of February and compared with 1.15m. bales a year ago.

LIVESTOCK EXPORTS

More sensible to slaughter in U.K.

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE EXPORT of live animals from the U.K. has been the cause of rising emotions. The latest manifestation has been the move by dockers to stop the trade.

The objectors, led by the RSPCA, complain that travelling times are unnecessarily long, that the rules laid down under the Balfour Agreement for the management of stock in transit are not observed, and that finally the conditions in slaughterhouses are not of a standard enforced in this country.

The objectors have as allies British slaughterhouse interests who object to losing possible trade, and those British farmers who purchase calves for rearing and find that the competition from the foreigners makes their own stock much more expensive.

Cruelty

The Ministry of Agriculture recently produced a report of fairly anodyne character recommending that the trade, under certain safeguards, should be allowed to continue.

Evidence of cruelty and neglect has been mainly concerned with excessively long journeys, particularly for sheep, contravening the original agreement that stock should not travel further than 100 km. from port of entry.

This evidence has been collected by RSPCA representatives in unmarked cars following the miscreant lorries for great distances. Official investigations such as one by two West Country MPs accompanied by the Press and film cameras have naturally enough found little wrong.

But before considering the problem it is as well to put the trade into perspective. The transport of farm animals is as old as farming. The drove roads from Wales and Scotland into England certainly go back to mediaeval times.

They were replaced by railways, and now by road transport. There was a considerable trade from Ireland which continues and also from the Continent until it was stopped by disease restrictions a century ago.

To-day cattle and sheep travel from Northern Scotland to the South of England, a journey quite as long as any they are likely to face on the Continent. Many of them will visit fairs or markets two or three times in their lives—a source of much more stress than a single cross-Channel journey is likely to be.

Transport from rearing districts to finishing farms and from there to markets and thence to slaughterhouses are part of the present farming economy.

In contrast to the internal U.K. movement the export trade is very limited indeed, being at present restricted to rearing calves, some of which travel to Italy by air, sheep for slaughter, and store cattle and sheep.

The main export outlet for store cattle is to Ireland, which is also the source of almost all imports. Cattle exports to Ireland originate almost entirely in Ulster, and involve no more than a lorry journey. This market fluctuates according to the balance of MCA and subsidy advantages.

Bull calves have been very much a growth sector. From 22,000 head in 1973 to 378,000 in 1977. These are mainly Friesian calves destined for fattening into veal or occasionally young bulls for slaughter.

Replaced

About half of these went to France and a third to Belgium and Italy between them. These calves are valuable animals, costing at least £100 a head on destination. No one on either side of the channel is going to risk loss through neglect.

They have to be inspected at the ports of departure, and be of minimum weight of 50 kilos. They are inspected on landing by veterinary staff and after that there is no check at all.

This export movement probably adds to the already considerable stress on the young animals which will probably have been sent from their home farms to markets, then to dealers' premises. The passage to France would be no worse—apart from the sea crossing—then a journey from for instance South Wales to Eastern Scotland which many have to make.

In the case of calves the animal welfare anxiety also concerns the alleged inhumanity of some Continental housing and slaughtering techniques. But it is difficult to see how anything can be done to control alleged abuses in other sovereign states.

Live sheep for slaughter have increased from 135,000 since 1973 to 373,000, but 40 per cent. of these go to Ireland, with Belgium and Germany taking most of the rest. From the latter countries they are often re-exported to France, which operates a very strict control of direct imports from the U.K. Live sheep exports only represent the equivalent of 15 per cent. of total sheepmeat exports.

There is abundant scope for increasing the export of British store cattle and sheep to the EEC which is limited only by the various health restrictions maintained by national Governments. Without these rules they would have to allow the free movement of stock over their frontiers.

There is complete free trade in many European areas now. For instance a million young cattle are sold by France to Italy every year. Eastern bloc stock are also imported.

A sensible solution would be to grow the calves into veal on British farms and slaughter them and the sheep in British slaughterhouses and then export the meat. But as long as we remain subject to EEC rules it is doubtful if any positive action to this end could be taken.

Rain slows Soviet grain sowing

BY OUR OWN CORRESPONDENT MOSCOW, May 4

SPRING SOWING in the Soviet Union is proceeding at a slower pace than in all but one of the last six years because of wet weather in European Russia, particularly along the western frontiers.

The Communist Party newspaper Pravda reported today that by May 1 crops were sown on 51.5m. hectares, 34 per cent. of the crop area designated in the plan. Of this area, 29.6m. hectares have been sown with spring grain.

In 1977, 56.3m. hectares or 36 per cent. of the crop area including 31.9m. hectares of spring grain, had been sown by the beginning of May and the pace last year was, in fact, slightly behind that of previous years. The 1977 sowing is the slowest since 1970 except for 1974.

U.S. agricultural experts who closely monitor the Soviet harvest, however, said it was too early to draw any negative conclusions from the slower rate of this year's spring field work.

The area already sown with winter grains is 37m. hectares — about the same as last year.

Pravda reported that the planting of cotton and sugar beet was almost complete. Sugar beet has been planted on 3.3m. hectares or 88 per cent. of the total crop area and cotton on 2.83m. hectares (94 per cent).

Sunflowers have been planted on 3.4m. hectares (76 per cent.), potatoes on 763,000 hectares, (23 per cent.), and vegetables on 568,000 hectares (46 per cent.).

Maize for both grain and silage has been planted on 3.7m. hectares or 20 per cent. of the eventual crop area, of which 1.7m. hectares has been planted with maize for grain.

Aim to double rice crop

BY OUR OWN CORRESPONDENT GEORGETOWN, May 4.

AN AMERICAN firm of international economic and financial consultants is studying the local rice industry with a view to a possible U.S. loan for its expansion.

Officials of the Guyana Rice Board say the plan is to more than double present production to 500,000 tonnes, but no target date has been fixed.

The company, Checchi and Co., conducted a similar study a decade ago and its findings resulted in a $12.9m. "soft" loan from USAID, which was used to double production then and erect stores.

The present study is taking in both the possibility of expanding production and also rehabilitating the main export facilities of the rice board, which were destroyed in a fire last August.

The Checchi team is due to report on its findings by the end of July.

South African chrome exports expected to fall

JOHANNESBURG, May 4.

SOUTH AFRICAN chrome exports in 1978 are not expected to reach last year's level, according to the Standard Bank Investment Corp., reports Reuter.

Exports of chrome-ore, concentrates and sand totalled about 1.5m. tonnes in 1977, earning R63.3m., the bank says in its latest economic review.

Last year export volume increased 24 per cent. over 1976.

But this year the negative effects of weak foreign steel production are expected to be aggravated by a high and increasing level of stocks of chrome and ferrochrome abroad.

South African production of chrome totalled 3.3m. tonnes in 1977, an increase of 37.8 per cent. over 1976.

Domestic sales totalled 1.2m. tonnes, a 35 per cent. rise over 1976.

Lead price cut 'not justified'

BY JOHN EDWARDS, COMMODITIES EDITOR

ST. JOE, a leading U.S. lead producer, confirmed yesterday that it was cutting its domestic price of corroding lead by two cents to 31 cents a lb. in line with the cut announced previously by Asarco and Bunker Hill.

However, other producers are reported to be reluctant to follow on the grounds that the market situation does not justify a price reduction at this stage.

The case against a price cut was put by the Canadian producer, Cominco, but is believed to be supported by other North American producers.

Mr. H. T. Fargey, executive vice-president of Cominco, claimed in Vancouver that demand for primary lead was strong in all Western world markets.

He said producers' stocks of lead worldwide were 75 per cent. of normal requirements and only 50 per cent. in the U.S.

Lead production at present wasn't adequate to meet smelter demand. He predicted a further tightening in supplies during the next few months as the production cuts introduced to bolster the market also affected lead output in many cases.

Earlier this month the International Lead and Zinc Study Group forecast that lead mine production this year would remain at about 2.6m. tonnes and that metal consumption, including use of scrap supplies, would also be much the same at 3.8m. tonnes.

Producers' stocks at end January were estimated at 187,000 tonnes, slightly above the January 1977 figure but well below holdings two years ago.

It added that supply and demand were in close balance but lead concentrates were in tight supply.

Asarco, however, claimed that it had been forced to cut its price as a result of poor demand, accumulations of unsold lead and the availability of cheaper price imports.

London prices, which are already below 31 cents equivalent, eased yesterday with the cash quotation closing £3.25 lower at £301.5 a tonne.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Modestly firmer on the London Metal Exchange. Forward metal opened marginally firmer at £712 and moved ahead to the day's high of £718 owing to fresh buying in the absence of any selling. However, in the afternoon a higher opening on Comex was followed [illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+† or —
Wirebars	[illegible]			
Cash	[illegible]			
3 months	[illegible]			
Settlem't	[illegible]			
Cathodes				
Cash	686.5	+4	685.5-6.5	+1.5
3 months	704.5-5	+4	704.5-5.5	+2.25
Settlem't	686.5	+4	—	
U.S. Smt.	—		64	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £695.5, 96, three months £712.5, 13, 13.5, 11. Cathodes, three months £704.5. Kerb: Wirebars, cash £696, 96.5, three months £714, 15, 15.5. Afternoon: Wirebars, cash £695.5, three months £716, 16.5, 17, 16.5, 15, 14.5. Kerb: Wirebars, three months £714, 13, 12, 12.5, 12, 11, 11.5, 11, 10.5.

TIN—Barely changed following a reasonably active day's trading. Forward metal opened a shade easier at £6,215 but then fell to £6,150 owing to profit-taking and a lack of follow through from the previous day. In the afternoon prices [illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+† or —
High Grade				
Cash	[illegible]			
3 months	[illegible]			
Settlem't	[illegible]			
Standard				
Cash	[illegible]			
3 months	6210-5	—35	6245-8	+10.5
Settlem't	6260	—70	—	
Straits E.	$1.98	+2	—	
New York	—			

Morning: Standard, cash £6,255, 60, three months £6,200, £6,195, 90, 95, £6,205, 10, 15, 10. Kerb: Standard, three months £6,210, 15, 20. Afternoon: Standard, cash £6,300, three months £6,230, 35, 40, 35, 30, 50, 45, 50, 45. Kerb: Standard, three months £6,245, 55, 40.

LEAD—Easier reflecting the trend in copper and news that St. Joe Minerals had cut its producer price in line with other U.S. producers. Forward metal opened at £310.5 and rose to £312.5 in the early afternoon before turning easier to close at £310.5 on the late kerb. Turnover: 4,000 tonnes.

[illegible]

ZINC—[illegible] trading. Forward material opened at £310 and came off to £309.5 before rallying to £313 in the afternoon rings. However, this trend was reversed following the downturn in other metals with the price falling to touch £308.5 before closing at £309 on the late kerb. Turnover: 4,925 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
Cash	299.5	.....	299-300	—1.75
3 months	308.5-9	.....	309.5-10	—1
S'ment	299.5	.....	—	.....
Prim. West	—	.....	29	.....

Morning: Cash £299.5, three months £309, 10, 11, 10. Kerb: Three months £309.5, 10. Afternoon: Three months £313, 12.5, 12, 11, 10.5, 11, 10. Kerb: Three months £308, 8.5, 9.

* Cents per pound. † On previous official close. ‡ $M per picul.

SILVER

Silver was fixed 2.05p an ounce higher for spot delivery in the London bullion market yesterday at 277.95p. U.S. cent equivalents of the fixing levels were: Spot 508.1c, up 3.3c; three-month 515.5c, up 4.2c; six-month 523.5c, up 3.1c; and 12-month 546.1c, up 2.6c. The metal opened at 277.9-278.8p (507½-509c) and closed at 279.3-280.3p (511-512½c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	277.95p	+2.05	278.85p	+0.8
3 months	283.65p	+2.5	284.9p	+1.25
6 months	290.05p	+1.85	—	.....
12 months	306.10p	+1.6		.....

LME—Turnover 132 (131) lots of 10,000 ounces. Morning: Three months 284.1, 4, 3.9, 4, 4.1, 4.2. Kerbs: Three months 284.2, 4.3, 4.4. Afternoon: Three months 285.3, 5.2, 5.1, 5.5, 5.4, 5.1, 85, 84.9. Kerbs: Three months 285, 84.9, 4.8, 85.

COCOA

After a quiet morning, a strong New York opening produced a sharp rally with September trading up to the limit, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No.6 Cont'r't			
May	2067.0-70.0	+15.9	2095.0-2050
July	1-99.0-2000	+25.5	2015.0-1978
Sept.	1918.5-17.5	+20.0	1938.0-1600
Dec.	1841.0-45.0	+16.0	1853.0-1650
March	1790.0-95.0	+15.9	1808.0-1784
May	1745.0-60.0	+16.0	1775.0-1770
July	1700.0-50.0	+3.0	1740.0-1710

Sales: 2,251 (2,425) lots of 5 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price May 3 150.13 (149.47). Indicator prices May 4 15-day average 152.50 (155.50), 22-day average 155.00 (155.49).

COFFEE

Robustas had an unspectacular morning, with only the steadiness in the near May position to stimulate interest, reports Drexel Burnham Lambert. This interest continued through the afternoon and in the absence of direction from the physical market values at the close were £3 to £31 up on balance.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
May	1546-1549	+31.0	1562-1520
July	1401-1402	+10.0	1419-1388
September	1310-1320	+5.5	1325-1300
November	1255-1260	+4.5	1270-1252
January	1220-1235	+6.6	1222-1220
March	1205-1210	+5.0	—
May	1186-1200	+3.0	1195-1185

Sales: 1,481 (1,560) lots of 5 tonnes.

ARABICAS saw a lacklustre performance, with values being irregular against the previous close, reports DBL.

Prices (in order buyer, seller, change, business): June 152.50-153.25, —1.13, untraded; Aug. 147.00-168.00, —0.25, 167.00; Oct. 151.75-154.50, —0.12, untraded; Dec. 141.75-143.00, +0.67, untraded; Feb. [illegible]

GRAINS

LONDON FUTURES (GAFTA)—[illegible]

WHEAT			BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
May	[illegible]			
Sept.	[illegible]			
Nov.	[illegible]			
Jan.	[illegible]			
Mar.	[illegible]			

[illegible]

RUBBER

STEADIER opening on the London physical market. Little interest throughout the day, closing easier. Lewis and Peat report that the Malaysian godown price was [illegible] cents a kilo (buyer, May).

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) £100.00 [illegible]

[illegible]

recovered 150 points from the lows by the close, reports C. Czarnikow.

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

JUTE

[illegible]

June £10.30, £7.96. "B" twills £28.05, £28.25, £28.46 for the respective shipment periods. Yarn and cloth steady.

★

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side, unprocessed, per stone: Shelf cod £4.50-£6.00, codlings £4.00-£5.60, large haddock £4.00-£5.60, medium £3.60-£4.50, small £2.50-£3.30, medium plaice £3.80-£4.20, best small £1.40-£4.30, large skinned dogfish £5.00, medium £3.50, large lemon soles £7.00, medium £6.00, rockfish £2.00-£2.40, reds £1.50-£2.20, saithe £1.70-£2.40.

New exchange will help Thai exports

BANGKOK, May 4.

THAILAND will set up a commodities exchange, but no date has yet been set for its establishment, according to Mr. Thapawa Bunnag, executive secretary of the Board of Trade, reports Reuter.

The Board is now studying the exchange's establishment with the Commerce Ministry, the National Economic and Social Development Board, the Kasetsart University and commercial banks. The U.S. has been asked to send experts to give advice.

The proposed exchange would help farmers get better prices for commodities and would smooth trading in agricultural products, he added.

At present 75 per cent. of Thailand's foreign exchange comes from the export of agricultural products.

Philippine copra exports rise

MANILA, May 4.

PHILIPPINE COPRA exports rose to 48,878 long tons, worth $18.82m., in April from 14,759 tons worth $5.19m. in March, reports Reuter. But they were far below the 69,061 tons exported in April, 1977.

Crude coconut oil exports in April totalled 70,990 tons, worth $41.39m., compared with 60,781 tons, $38.70m., a year earlier.

This brought total copra exports in the first four months of 1978 to 147,000 tons, compared with 188,000 tons in the same part of 1977.

Coconut oil exports rose to 287,486 tons ($151.9m.) from 216,093 tons.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	May 4 1978	+ or —	Month ago
Metals			
[illegible]			
Zinc cash	£299.5	—1.75	£313.5
3 months	£309.75	—1	£318.25
Producers	$660-900	....	$550
Oils			
Coconut (Phil)	$590	—20	$610
Groundnut	£748	....	£732
Linseed Crude	£363	....	£318
Palm Malayan	$571	—1	$559
Seeds			
Copra Philip	$410	+2.5	$400
Soyabean (U.S.)	$296.5	—2	$283
Grains			
Barley EEC Home Futures	£80.20	—0.4	£79.45
Maize French No. 3 Am	£106.75	....	£104.75
Wheat No. 1 Red Spring	£93.50	....	£94.5
No 2 Hard Winter		....	
English Milling	[illegible]	....	£97.25
Cocoa Shipment	£2,039.5	+25.5	£2,019
Future July	£1,999.5	+25.5	£1,917.5
Coffee Future July	£1,401.5	+10.5	£1,308
Cotton 'A' Index	69.75c	....	68.8oc
Rubber kilo	53	+0.25	46.75
Sugar (Raw)	£100	—1	£98.5
Wooltops 64s kilo	280	+1	272

* Nominal. ‡ Unquoted. § May-June. ‖ May-Aug. u June. v April-June. y April-May. x Per ton.

FINANCIAL TIMES

May 4	May 3	Month ago	Year ago
241.66	239.72	245.66	69.95

(Base: July 1, 1952=100)

REUTER'S

May 4	May 3	Month ago	Year ago
1456.1	1453.6	1429.2	1701.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	May 4	May 3	Month ago	Year ago
Spot	363.52	360.00	360.56	423.34
Futures	349.35	346.61	349.74	397.18

(Average 1924-25-26=100)

MOODY'S

Moody's	May 4	May 3	Month ago	Year ago
Spie Commdty	904.2	904.9	906.6	905.8

(December 31, 1931=100)

COTTON

COTTON—Liverpool. Spot and shipment sales amounted to 1,137 tonnes, bringing the total for the week so far to 1,367 tonnes, reports F. W. Tattersall. Substantial increase in operations occurred, mainly in Middle Eastern qualities. North and South American growths made additional progress, with sustained interest in U.S. qualities.

VEGETABLE OILS

PALM OIL—London. May, June, July, Aug. 300.00-330.00, Sept. 290.00-330.00, Oct. 290.00-320.0, Nov. 280.00-315.00, Dec. 280.00-310.00. Jan. unquoted.

U.S. Markets

NEW YORK, May 4.

Cocoa—May 157.25 (152.25), July 154.00 (149.75), Sept. 150.00, Dec. 143.50, March 139.50, May 136.05, July 135.70. Sales: 1,002.

Coffee—"C" Contract: May 175.90-[illegible]

[illegible]

‡Barley—May 78.80 bid (75.00 bid), July 79.00 asked (78.30-78.40 bid). Oct. 78.90 bid. Dec. 78.10 bid. March 75.00.

§Flaxseed—May 249.20 bid (245.00 bid), July 254.00 (252.50 asked). Oct. 257.70 asked. Nov. 258.00 bid. Dec. 256.20 asked.

¶Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 160.34 (159.49).

All cents per pound ex-warehouse unless otherwise stated. *$s per troy ounces—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse. 5,000 bushel lots. § $s per troy ounce for 50 oz. units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 69 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

BRAZIL WILL NOT IMPORT RUBBER

RIO DE JANEIRO, May 4.

BRAZIL'S Rubber Administration has denied Press reports that a Brazilian company had contracted to buy 10,000 tonnes of rubber a year from Nigeria, reports Reuter.

All rubber imports must be authorised by the Rubber Administration, an official Government agency.

STOCK EXCHANGE REPORT

Higher MLR indications thwart early rise in markets

Equity leaders well below best—Gilts shed initial gains

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 17	Apr. 27	Apr. 28	May 10
May 2	May 11	May 12	May 23
May 15	May 25	May 26	Jun. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity and Gilt-edged markets demonstrated again yesterday their current sensitivity, the former opening a shade easier and soon rallying quite noticeably before closing only marginally firmer, while the funds moved both ways prior to settling either unchanged or slightly cheaper on the day.

Industrial leaders furthered Wednesday's dull late trend at the outset but small institutional demand soon caused a smart turn-round which owed a good deal to continuing short shortage and attempts, often unsuccessful, to cover existing open positions.

Completion of the buying was followed by a period during which prices held steady until the Bank of England statement regarding Minimum Lending Rate. This indicated that the Bank would not prevent the rate to-day coming more into line with general market rates, a development which led to the majority view that an increase of 1½ per cent. to 9 per cent. was very probable.

The day's events were summed up aptly by the FT 30-share index, down 1.6 at the first calculation, 6.7 up at the 2 a.m. measurement and finally only 2.7 up at 474.6, the best closing level since January 27. Situation stocks were to the fore, particularly Furness Withy and Redfearn National Glass, the latter falling sharply following the Monopolies Commission ruling against the two proposed bids.

Gilts uncertain late

British Funds moved similarly to equities in the early business and were around ¼ higher after a quiet morning trade. The Bank of England signal, however, both confused and frustrated potential buyers in the late afternoon and commitments were deferred until the situation regarding MLR becomes clearer to-day. Consequently, quotations of both the shorts and longs were defensively lowered, with the latter ending at the overnight levels. The shorter maturities also suffered from speculation that the announcement of a new tap issue may be made at to-day's close and finally sustained losses extending to ¼. The reaction once again came too late to affect Corporations, occasionally ¼ better, while Pittard 9½ per cent. Preference staged a quiet debut among recently-issued Fixed Interests to close at 100p; the stock was issued to Ordinary shareholders by way of rights.

A fairly good business was done in Traded Options as recorded in total contracts of 635. Marks nd Spencer were less active, but still attracted 100 deals, while Grand Met. were the busiest of the day at 157 followed by ICI with 124. Shell remained quiet, but 10 contracts were done in the 600 series which was introduced yesterday. A new 130 series in Courtaulds is to be created to-day.

Much less interest was shown in the investment currency market. In a featureless trade, the premium moved between 109¾ per cent. and 110½ per cent. for most of the day and closed at 110 per cent. which represented a loss of ¾ on the overnight level. Yesterday's conversion factor was 0.6768 (0.6771).

Insurances better

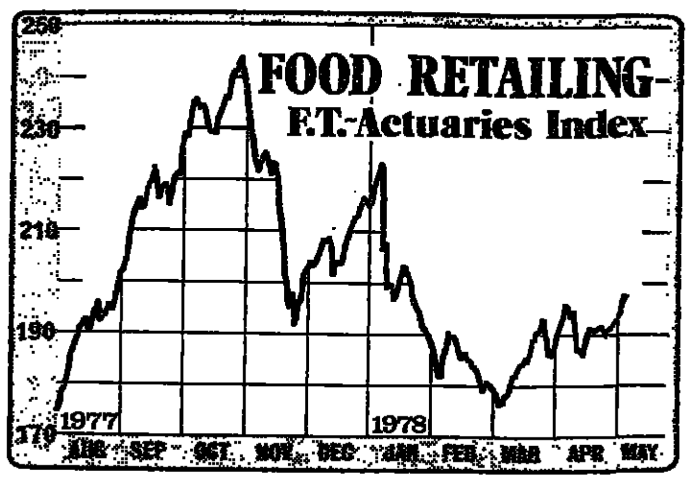
Insurances encountered increased buying interest and closed firmer throughout. Brokers were again popular with Sedgwick Forbes and C. E. Heath both closing 7 dearer at 405p and 277p respectively. Minet improved 6 more to 196p and Willis Faber gained 4 to 262p. Leslie and Godwin at 100p, held on to the previous day's speculative rise of 10. Composite beneficiaries included Guardian Royal Exchange, 6 up at 228p and Phoenix, a like amount better at 254p.

Major clearing Banks closed with only modest improvements. Midland firmed 5 to 370p and NatWest 2 to 290p. National and Commercial touched 74p in reaction to the lower interim earnings before closing unchanged on the day at 75p. Among irregular Merchant Banks, Guinnett Peat added 4 at 220p but Hambros cheapened 3 to 187p.

A reasonably lively trade developed in the Brewery sector. Leading issues closed below the best, Bass ending 2 beter at 163p, after 165p, and Whitbread "A," 3 dearer at 97p, after 97½p. Distillers touched 187p before closing without alteration at 185p.

The firm tendency in Buildings was maintained in a reduced turnover and leading issues turned softer in the late trade. AP Cement touched 248p before closing a net 2 up at 245p. Richard Costain and Marchwiel firmed 2 apiece to 280p and 288p respectively. Pochins continued to respond to the interim figures, rising 5 more to 122p, and Aberdeen Construction firmed 3 to 85p despite lower annual profits. A. Monk closed 4 dearer at 101p, after 103p, on speculative buying following Saint Piran's increased share stake and Erith rose a like amount to 78p in a thin market. Carron firmed 3 to 52p.

In quietly traded Chemicals, ICI closed 3 firmer at 352p after 354p, while Fisons put on 6 to 348p after 350p. Laporte added 2 to 106p in further response to the annual profits, while Hickson and Welch and Brent rose 4 to 192p and 218p respectively.



Stores active

Stores had their busiest day for some time with dealers reporting a good investment demand for the leaders. UDS closed a couple of pence dearer at 92p, after 93p, in response to the annual figures which were in line with expectations. Further consideration of Wednesday's preliminary figures helped Marks and Spencer edge forward initially to 147p before closing unaltered at 146p, but Mothercare, on disappointment with the results, fell to 148p and ended a net 4 down at 152p. Elsewhere, Church found support at 162p, up 6, and Bourne and Hollingsworth gained 4 to 84p in a thin market. Martin the Newsagent, on the other hand, lost 7 to 231p on the news that Mr. R. G. Schweitzer, the managing director, had left the Group in order to join competititors NSS Newsagents; the latter improved 4 to 119p. Among Shoes, Ward White moved up 3 to 71p.

Apart from Thorn, which closed 6 dearer at 364p, Electrical leaders failed to hold earlier improvements and finished the day a few pence off on balance. Scattered improvements in secondary issues included Electrocomponents, up 4 more at 402p, after 406p, and Farnell, which put on 3 further to 250p.

Most of the Engineering leaders relinquished earlier gains to close little changed on balance. Against the trend, Hawker finished with a rise of 6 at 212p, after 216p, while Vickers held on to a rise of 3 at 181p helped by news of the further bid approach for its 72 per cent. interest in Canadian Vickers. Elsewhere, Staveley found favour at 233p, up 8, and demand in a restricted market left Victor Products a similar amount dearer at 120p. Peter Brotherhood firmed 5 to 150p and gains of 4 were marked against Davy International, 233p, B. Elliott, 99p, and Pegler Hattersley, 172p. Buyers came for Anderson Strathcylde, 3 to the good at 54p, but disappointment with the half-yearly statement left S. Osborn 2 cheaper at 92p, after 88p, while Serck eased a similar amount to 86p on the setback shown by the interim figures. Lower half-yearly profits also prompted dullness in W. A. Tyzack which eased a penny to 21½p. Shipbuilders were noteworthy for a rise of 6 to 156p in Vosper.

J. Bibby, down 13 more at 222p, encountered fresh selling, particularly in the late dealings, following the chairman's fresh denial of recent talk of a bid from Tiger Oats. Elsewhere in Foods, J. Sainsbury contrasted with a further rise of 9 to 187p in response to the annual results, while United Biscuits put on 3 to 161p following news of the acquisition of Moo Cow Bakeries.

Among Hotels and Caterers, Prince of Wales put on 10 further to 165p, while Trust Houses Forte 205p, and Grand Metropolitan, 111p, firmed 5 and 2 respectively. Scotts Restaurant, however, reacted 25 to 425p on the lower profits.

Redfearn fall late

Miscellaneous Industrial leaders encountered early investment demand and, with stocks in short supply, double figure gains were soon to be seen in places. However, prices eased in the late afternoon and closed well below the best. Reckitt and Colman at 473p, held on to a rise of 17 following the annual report. Beecham touched 661p before closing 7 higher at 655p and Glaxo ended 5 dearer at 558p, after 565p. Boots added a like amount to 216p and Scottish and Universal Investments closed 4 to the good at 122p, the latter awaiting fresh developments in the Lonrho bid situation. Elsewhere, Redfearn National Glass became a late dull feature, falling 27 to 288p, after 270p, on disappointment with the Monopolies Commissions' finding that the proposed bids from Rockware and United Glass would be against the public interest and should not go ahead; Rockware gained 3½ to 113½p following the statement.

Bumper annual profits, a 100 per cent. scrip issue and a sizeable property revaluation surplus prompted a gain of 5 to 71½p, after 73½p, in Sears. Still benefiting from favourable comment ahead of forthcoming interim results, ICL rose 10 to 280p for a two-day gain of 22. Compton Webb, at 34p, recorded a Press-inspired rise of 2½ and George Wills advanced 3 to 64p following the doubled preliminary profits. Mettoy were 2 better at 47p, also after trading news, and Diploma Investments added 5 at 151p. English China Clays, on the other hand, cheapened 3 to 81p in reaction to adverse Press comment and Channel Tunnel declined 8 to 45p following the Government's decision not to go ahead with a new rail tunnel.

Motors made further progress, but gains were less widespread than of late. Among Components, Dowty stood out with a fresh rise of 6 to 186p, while Lucas firmed 2 more to 296p and Turner Manufacturing gained 3 further to 112p. Elsewhere, T. C. Harrison, a good market of late, moved up 3 to 126p in response to the sharp increase in the annual profits and the encouraging statement on current trading.

Apart from a fresh gain of 7 to 147p in Saatchi Saatchi, price movements of any consequence were hard to find among Newspapers and kindred trades.

Small buying took leading Properties higher after a slightly easier opening but Minimum Lending Rate indications reversed the trend and prices all but reverted to overnight levels. MEPC still closed 3 up at 113p after 114p, but English Property closed marginally easier at 30p with Land Securities a penny firmer at 196p after 198p. Hammerson A touched 550p before closing a net 3 better at 545p, but Great Portland were unchanged at 266p after 270p. Peachey Property added a penny to 79p after the expected return to profit at the half-way stage, but there was some disappointment that the sale price of Park West was not disclosed. In response to good annual profits and the confident statement on current year prospects, Dares Estates firmed 1½ to 19p.

Oils below best

Initially firm at 812p, following the chairman's remarks on current trade, British Petroleum eased on profit-taking and Wall Street influences to close only 2 higher on balance at 804p. Shell traded similarly to finish a net 3 cheaper at 560p after 566p. Oil Exploration, 210p, and Siebens U.K., 330p, both held small improvements, while Tricentrol firmed 4 to 170p after 175p. Of the North Sea-orientated stocks, Clyde Petroleum continued to reflect Press comment and rose 2 to 144p, while Sceptre Resources improved 15 to 560p.

Despite recent denials, Furness Withy continued to surge forward on speculative buying fuelled by bid hopes and, after touching 288p, closed 10 higher at 280p for a three-day advance of 31; F.W.'s associated concern Fashion and General hardened 5 to 135p in sympathy.

Comment on the annual reports helped S. Pearson to advance 10 to 193p and Pearson Longman to rise 7 to 183p. Elsewhere in Financials, Akroyd and Smithers relinquished 2 to 228p; the interim figures are due next Wednesday

Quieter conditions prevailed in the Textile markets. Among the scattered gains, S. Lyles were noteworthy at 60p, up 5. Tern-Consulate found support again and put on 2 more to 45p, while Blackwood Morton were similarly dearer at 26p. Tobaccos made further progress. Bats Industries, 328p, and the Deferred, 276p, gained 9 and 6 respectively, while Imps closed 1½ dearer at 78p.

A firm market of late on Far Eastern demand, Castlefield gave up 10 to 290p. Lunuva, however, gained that much to 180p following buying in a thin market.

Golds better

After losing ground for the two previous days South African Golds staged a good recovery following the outcome of the latest International Monetary Fund auction. The auction produced an average price of $170.40 per ounce and encouraged a $2.75 rise in the bullion price to $173.875.

Turnover in shares, however, was on a much reduced level owing to the closure of Cape and Continental markets for the Ascension Day holiday. Nevertheless, a reasonable London and U.S. demand for stock enabled the Gold Mines index to recover 1.7 to 143.9.

Among the heavyweights West Driefontein featured with a point gain at £18¾, while Free State Geduld put on ¾ to £15¾. Lower-priced issues showed Kinross 16 firmer at 319p and Doornfontein 13 higher at 247p.

South African Financials mirrored Golds. General Mining and Gold Fields of South Africa were both ¼ better at £16 and £11¾ respectively. Anglo-Vaal continued to make headway and closed another 10 to the good at 700p.

London-registered Financials drew strength from the firmness of the U.K. equity market. Rio Tinto-Zinc were actively traded and finally 9 higher at 204p, while Selection Trust closed 4 up at 388p.

Coppers responded to a further improvement in the metal price. Roan Consolidated put on 3 to 68p, while ZCI hardened ½ to a 1978 high of 14p. The continuing weakness in overnight domestic markets prompted small selling of Australian stocks. Conzine Riotinto fell 6 more to 204p on further consideration of the chairman's warning of substantially lower earnings this year.

Other base-metal miners to lose ground included MIM Holdings, 2 off at 175p and Peko-Wallsend, 7 cheaper at 445p. In Uraniums, profit-taking left Pancontinental ½ easier at £11.

Coal stocks were erratic. Thiess Holdings rose 8 more to 212p, but Utah Mining Australia gave up 10 to 320p.

Tin shares were quietly firm reflecting the recent upturn in the metal price in London and Penang. Improvments of 5 were common to Malayan Tin, at a 1978 high of 325p. Southern Malayan, 260p, and Sungei Besi, 195p.

FINANCIAL TIMES STOCK INDICES

—	May 4	May 3	May 2	Apr. 28	Apr. 27	Apr. 26	A year ago
Government Secs.	71.40	71.42	71.27	71.28	71.32	71.24	69.76
Fixed Interest	73.95	73.95	73.81	74.57	74.35	74.47	70.03
Industrial Ordinary	474.6	471.9	469.6	465.7	467.8	457.8	445.3
Gold Mines	143.9	142.2	144.4	147.7	145.2	141.4	115.0
Ord. Div. Yield	5.66	5.69	5.72	5.77	5.75	5.87	5.19
Earnings Y'ld%(full)(*)	17.05	17.15	17.25	17.39	17.10	17.46	15.91
P/E Ratio (net)(*)	7.84	7.90	7.76	7.69	7.86	7.70	9.25
Dealings marked	5,180	5,330	5,050	5,406	4,727	5,110	7,431
Equity turnover £m	—	100.17	55.36	87.80	82.58	66.70	110.80
Equity bargains total	—	17,935	14,490	16,941	16,415	14,098	21,282

10 a.m. 470.3. 11 a.m. 472.5. Noon 478.3. 1 p.m. 478.0. 2 p.m. 478.6. 3 p.m. 477.8

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. Nil=7.70.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	71.22 (27/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	73.81 (2/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (3/3)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 4	May 3
—Daily		
Gilt-Edged	151.4	157.4
Industries	190.6	192.4
Speculative	26.4	32.5
Totals	117.9	121.1
5-day Av'rage		
Gilt-Edged	153.2	157.3
Industrials	185.0	180.9
Speculative	36.9	39.5
Total	116.9	116.6

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 25	May 9	July 20	Aug. 1
May 10	May 22	Aug. 3	Aug. 17
May 23	Jun. 6	Aug. 17	Aug. 31

For rate indications see end of Share Information Service

Money was given for the call of Belhaven Brewery, A. Monk, EMI, Lookers 'A', J. E. Sanger, W. E. Turner, Grand Metropolitan Warrants, Mills and Allen, Anderson Strathclyde, Royco, Valor, Polymark, Midhurst Whites and Premier Consolidated Oil. Burmah Oil and Haden Carrier were dealt in for the put, while double options were arranged in Royco and Nurdin and Peacock.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	22	53
Corpns., Dom. and Foreign Bonds	11	2	52
Industrials	456	208	895
Financial and Prop.	153	75	293
Oils	7	9	18
Plantation	8	6	19
Mines	47	19	56
Recent Issues	6	2	12
Totals	688	343	1,388

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BATs Defd.	25p	13	276	+ 6	276	227
Furness Withy	£1	13	280	+10	348	206
Grand Met.	50p	13	111	+ 2	113	87
Marks & Spencer	25p	13	146	—	160	136
Sears Holdings	25p	13	71½	+ 5	73½	54½
ICI	£1	12	352	+ 3	365	328
Beecham	25p	11	655	+ 7	678	583
Shell Transport	25p	11	560	— 3	566	484
BP	£1	10	804	+ 2	864	720
Lucas Inds.	£1	10	296	+ 2	296	240
RTZ	25p	10	204	+ 9	210	164
Rank Org.	25p	9	242	— 2	265	226
Unilever	25p	9	516	—	548	476
Barclays Bank	£1	8	350	+ 2	358	296
GEC	25p	8	248	— 2	278	233

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	80	8	96	2	110	—	806p
BP	800	45	10	63	1	82	1	..
Com. Union	140	16	8	21	—	25½	1	150p
Com. Union	160	6	9	10	24	13½	—	..
Cons. Gold	160	20	2	27	—	29	5	170p
Cons. Gold	180	10	—	15	—	18	2	..
Courtaulds	100	24½	29	25	31	26	—	123p
Courtaulds	110	16	—	17	—	19	5	..
Courtaulds	120	9	3	12½	—	14½	—	..
GEC	220	38	3	43½	—	49	—	251p
GEC	240	23	—	29	3	37	—	..
GEC	260	12	20	20½	2	26½	—	..
Grand Met.	100	17½	49	21½	7	23¾	13	111p
Grand Met.	110	9¾	64	15½	20	18	4	..
ICI	330	32	14	37	50	42	17	353p
ICI	360	14½	28	21	4	25½	11	..
Land Secs.	180	23	8	27	—	29½	15	196p
Land Secs.	200	10	31	15	10	20	—	..
Marks & Sp.	130	20	10	31	11	[illegible]	—	..
Marks & Sp.	140	11½	11	18	11	20½	14	146p
Marks & Sp.	160	4	6	7	49	11½	9	..
Shell	500	74	—	83	2	89	1	562p
Shell	550	35	5	47	2	59	—	..
Shell	600	11	—	21	—	34	5	..
Totals			313		219		103	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or –	Div.	Times Covered	Gross Yield	P/E Ratio
105	F.P.	26/4	141	116	Saga Holidays	141		6.75	2.8	7.3	9.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or –
[illegible]							

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or –
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. [illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thurs., May 4, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Wed. May 3 Index No.	Tues. May 2 Index No.	Tues. May 2 Index No.	Thurs. Apr. 27 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	209.43	+0.4	17.73	5.68	7.86	208.56	205.72	205.13	204.50	174.41
2	Building Materials (27)	187.55	+0.6	17.76	5.78	8.06	186.41	183.98	183.76	182.40	146.22
3	Contracting, Construction (26)	336.07	+0.3	19.00	4.01	7.65	335.13	326.23	326.14	320.90	248.94
4	Electricals (15)	437.21	−0.4	15.89	4.06	9.02	438.75	434.42	430.99	433.44	339.72
5	Engineering Contractors (14)	305.93	+0.9	18.72	6.65	6.96	303.24	299.13	300.47	296.74	232.77
6	Mechanical Engineering (71)	168.11	+1.2	19.16	6.21	7.11	166.13	163.76	163.89	163.76	157.52
8	Metals and Metal Forming (17)	168.23	−0.1	16.76	8.33	8.03	168.42	166.61	165.27	164.41	148.89
11	CONSUMER GOODS (DURABLE) (52)	195.83	+0.6	17.23	4.85	8.31	194.76	191.20	190.50	188.62	159.12
12	Lt. Electronics, Radio TV (15)	232.60	+0.6	15.08	3.69	9.53	231.31	226.67	224.74	220.37	182.88
13	Household Goods (12)	172.26	+0.4	16.71	6.55	8.22	171.59	171.21	170.91	169.90	154.60
14	Motors and Distributors (25)	122.85	+0.6	20.63	6.23	6.96	122.14	119.79	120.19	120.64	102.20
21	CONSUMER GOODS (NON-DURABLE) (176)	203.59	+0.9	15.95	5.71	8.61	201.78	199.74	198.55	198.69	169.18
22	Breweries (14)	233.65	+1.5	13.98	5.69	10.84	230.24	227.04	226.83	227.78	175.60
23	Wines and Spirits (6)	263.14	−0.1	15.37	5.47	9.87	263.37	258.36	255.69	256.25	194.49
24	Entertainment, Catering (17)	257.01	+1.1	13.72	6.64	10.55	254.17	251.81	250.62	253.92	216.22
25	Food Manufacturing (22)	193.19	+0.5	21.07	5.58	6.59	192.30	190.71	190.39	189.04	176.35
26	Food Retailing (16)	198.67	+1.2	14.43	4.71	9.59	196.23	192.48	191.97	190.52	181.33
32	Newspapers, Publishing (13)	370.95	—	10.91	3.35	13.25	370.86	365.06	360.99	363.89	278.33
33	Packaging and Paper (15)	133.20	−0.2	19.60	8.91	7.23	133.46	133.69	131.50	131.30	115.15
34	Stores (39)	186.42	+0.6	11.06	4.32	13.27	185.24	184.77	183.08	183.43	147.59
35	Textiles (25)	184.56	+0.6	20.52	7.24	5.94	183.47	181.05	179.13	176.97	166.51
36	Tobaccos (3)	249.77	+2.5	22.13	7.49	5.37	243.73	238.57	238.57	239.95	214.68
37	Toys and Games (6)	101.45	+4.0	19.92	5.90	6.73	97.60	96.30	95.54	95.54	97.29
41	OTHER GROUPS (97)	191.26	+1.1	16.67	5.90	7.92	189.27	187.45	186.17	185.66	173.93
42	Chemicals (19)	260.09	+1.1	19.37	6.66	7.05	257.39	255.38	252.46	252.36	237.48
43	Pharmaceutical Products (7)	255.70	+1.3	11.31	3.99	11.06	252.36	251.32	248.19	246.13	0.00
44	Office Equipment (6)	129.50	−0.6	18.84	4.99	6.28	130.27	128.24	127.56	127.41	98.44
45	Shipping (10)	441.42	+0.9	17.98	7.11	6.85	437.46	432.93	432.18	429.77	482.38
46	Miscellaneous (55)	201.87	+1.3	16.62	6.31	8.17	199.36	196.62	196.71	196.46	179.32
49	INDUSTRIAL GROUP (495)	208.25	+0.8	16.64	5.69	8.22	206.61	204.25	203.17	202.80	177.07
51	Oils (5)	474.87	−0.1	15.54	4.17	6.98	475.41	471.67	470.14	469.37	496.08
59	500 SHARE INDEX	230.47	+0.7	16.48	5.46	8.01	228.96	226.47	225.35	224.94	202.73
61	FINANCIAL GROUP (100)	165.38	+1.1	—	5.58	—	163.62	161.64	161.41	160.32	135.01
62	Banks (6)	197.45	+0.8	24.13	5.46	6.27	195.91	195.10	191.84	191.00	147.84
63	Discount Houses (10)	194.11	+0.2	—	8.65	—	193.64	195.67	197.38	197.08	165.80
64	Hire Purchase (5)	145.21	+0.6	13.47	5.51	10.99	144.36	140.86	140.94	141.94	132.50
65	Insurance (Life) (10)	137.81	+2.1	—	6.61	—	135.01	133.22	133.19	131.24	110.09
66	Insurance (Composite) (7)	128.60	+1.6	—	6.63	—	126.58	124.22	125.36	125.01	108.24
67	Insurance Brokers (10)	345.60	+1.6	14.04	4.24	10.20	340.05	333.94	335.69	329.69	286.28
68	Merchant Banks (14)	79.32	+0.1	—	6.08	—	79.25	77.59	77.62	76.64	66.65
69	Property (31)	216.39	+0.6	3.11	3.20	62.05	215.12	212.75	213.53	212.20	190.40
70	Miscellaneous (7)	106.91	−0.6	24.44	7.42	5.66	107.55	106.48	106.31	105.29	89.83
71	Investment Trusts (50)	204.18	+0.1	3.23	4.71	30.92	203.91	202.54	202.31	202.45	176.33
81	Mining Finance (4)	92.95	+2.4	17.78	7.41	6.89	90.73	90.81	92.04	92.32	102.24
91	Overseas Traders (19)	311.40	+0.2	15.28	6.32	8.15	310.63	308.92	309.72	305.79	282.03
99	ALL-SHARE INDEX (673)	213.00	+0.7	—	5.50	—	211.46	209.23	208.45	207.90	185.87

FIXED INTEREST PRICE INDICES

	British Government	Thurs. May 4	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	106.10	−0.15	—	3.33
2	5-15 years	116.73	−0.01	—	2.07
3	Over 15 years	120.28	—	—	4.97
4	Irredeemables	131.65	—	—	6.08
5	All stocks	113.66	−0.06	—	3.78

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Thurs. May 4	Wed. May 3	Year ago (approx.)
1	Low	5 years	8.45	8.44	7.23
2	Coupons	15 years	10.82	10.81	10.80
3		25 years	11.33	11.32	11.90
4	Medium	5 years	10.73	10.70	9.56
5	Coupons	15 years	12.07	12.06	11.66
6		25 years	12.26	12.27	12.36
7	High	5 years	11.06	11.02	10.40
8	Coupons	15 years	12.52	12.52	12.75
9		25 years	12.99	12.97	13.03
10	Irredeemables		11.03	11.03	12.01

		Thursday, May 4 Index No.	Yield %	Wed. May 3	Tuesday May 2	Friday April 28	Thurs. April 27	Wed. April 26	Tuesday April 25	Monday April 24	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	58.45	12.71	58.45	58.52	58.54	58.54	58.54	58.54	[illegible]	58.87
16	Investment Trust Prefs. (15)	54.29	13.07	54.29	54.84	54.84	54.80	54.75	54.61	54.61	50.61
17	Coml. and Indl. Prefs. (20)	71.25	12.84	71.17	70.81	71.01	70.98	71.01	71.01	70.84	71.08

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

FOOD PRICE MOVEMENTS

	May 4 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,090	1,090 +30	1,060
British A.1 per ton	1,063	1,063 +30	1,033
Irish Special per ton	1,063	1,063 +30	1,033
Ulster A.1 per ton†	1,063	1,063 +30	1,033
BUTTER			
NZ per 20 lbs	11.41 11.52	11.41 11.52	11.41 11.52
English per cwt	87.27	87.27	85.93
Danish salted per cwt	70.15 72.42	70.15 72.42	70.15 72.6
CHEESE*			
NZ per tonne	1,161.5	1,161.50	1,161.50
English cheddar truck per tonne	—	1,302.10	1,219.42
EGGS*			
Home produce:			
Size 4	—	3.40 3.90	3.40 3.90
Size 2	—	4.30 4.80	4.00 4.60
	May 4 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	33.0 36.0	33.0 36.0	32.0 35.5
Eire forequarters	—	37.0 39.0	38.0 40.0
LAMB			
English	68.0 76.0	—	49.0 59.0
NZ PLs-PMs	47.5 49.5	46.0 48.0	43.0 48.0
MUTTON—English ewes	—	—	—
PORK—(all weights)	36.0 45.0	36.0 45.0	35.0 43.5
POULTRY—Broiler chickens	34.5 36.0	34.0 35.5	32.8 35.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ For delivery April 29-May 5.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (181)

COM'WEALTH & AFRICAN LOANS (1)
AMERICANS (1)
CANADIANS (1)
BANKS (1)
BEERS (7)
BUILDINGS (9)
CHEMICALS (6)
DRAPERY & STORES (9)
ELECTRICALS (12)
ENGINEERING (26)
FOODS (1)
HOTELS (6)
INDUSTRIALS (37)
INSURANCE (5)
MOTORS (9)
NEWSPAPERS (1)
PAPER & PRINTING (3)
PROPERTY (2)
SHOES (1)
TEXTILES (7)
TOBACCOS (3)
TRUSTS (18)
OILS (3)
OVERSEAS TRADERS (2)
TEAS (3)
MINES (2)

NEW LOWS (18)

BRITISH FUNDS (15)

Treas. 10½pc 1978	Treas. 8pc 80-82
Treas. 11½pc 1979	Treas. 10pc 1982
Treas. 10½pc 1979	Treas. Variable 82
Treas. 11½pc 1981	Treas. 8½pc 1982
Exch. 8½pc 1981	Exch. 9½pc 1982
Exch. 9½pc 1981	Exch. 8½pc 1983
Exch. 12½pc 1981	Treas. 12pc 1983
Treas. 12pc 1981	

ENGINEERING (1)
Brown Eng'g
INDUSTRIALS (2)
Barget (1) Eibrot

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

B.N. Bank	7½%	■ Hambros Bank	7½%
llied Irish Banks Ltd.	7½%	■ Hill Samuel §	7½%
merican Express Bk.	7½%	C. Hoare & Co. †	7½%
mro Bank	7½%	Julian S. Hodge	8½%
P Bank Ltd.	7½%	Hongkong & Shanghai	7½%
enry Ansbacher	7½%	Industrial Bk. of Scot.	7½%
anco de Bilbao	7½%	Keyser Ullmann	7½%
ank of Credit & Cmce.	7½%	Knowsley & Co. Ltd.	9 %
ank of Cyprus	7½%	Lloyds Bank	7½%
ank of N.S.W.	7½%	London Mercantile	7½%
anque Belge Ltd.	7½%	Edward Manson & Co.	9 %
anque du Rhone	8 %	Midland Bank	7½%
arclays Bank	7½%	■ Samuel Montagu	7½%
arnett Christie Ltd.	8½%	■ Morgan Grenfell	7½%
remar Holdings Ltd.	8½%	National Westminster	7½%
rit. Bank of Mid. East	7½%	Norwich General Trust	7½%
rown Shipley	7½%	P. S. Refson & Co.	7½%
anada Perm'nt Trust	7½%	Rossminster Accept'cs	7½%
apitol C & C Fin. Ltd.	8½%	Royal Bk. Canada Trust	7½%
ayzer Ltd.	8 %	Schlesinger Limited	7½%
edar Holdings	8 %	E. S. Schwab	9½%
harterhouse Japhet	7½%	Security Trust Co. Ltd.	8½%
houlartons	7½%	Shenley Trust	9½%
E. Coates	8½%	Standard Chartered	7½%
onsolidated Credits	7½%	Trade Dev. Bank	7½%
o-operative Bank *	7½%	Trustee Savings Bank	7½%
orinthian Securities	7½%	Twentieth Century Bk.	8½%
redit Lyonnais	7½%	United Bank of Kuwait	7½%
he Cyprus Popular Bk.	7½%	Whiteaway Laidlaw	8 %
uncan Lawrie ¶	7½%	Williams & Glyn's	7½%
agil Trust	7½%	Yorkshire Bank	7½%
nglish Transcont.	9 %		
irst London Secs.	7½%		
irst Nat. Fin. Corpn.	10%		
irst Nat. Secs. Ltd.	9½%		
ntony Gibbs	7½%		
reyhound Guaranty	7½%		
rindlays Bank ‡	7½%		
uinness Mahon	7½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½% and over £25,000 5%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 5%.
¶ Rate also applies to Sterling Ind. Secs.

For New Court Property see under Rothschild Asset Management

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd | $US13.83 | ..... | —

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ⊕. § Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: *Close 472-477*

INSURANCE BASE RATES

† Property Growth 9¼%
† Vanbrugh Guaranteed 8½%
† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

AMERICANS—Continued

1978 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
30¾	20¾	Fluor Corp. $½	28⅞xd	−⅝	$1.20	—	2.4
41¾	26⅝	Ford Motor $2	41	.....	$3.20	—	4.4
22½	16½	GATX	22½	.....	$2.50	—	6.3
42½	29⅝	Gen. Elect. $2½	41⅞	−⅛	$2.20	—	3.0
22⅞	15¾	Gillette $1	22	−⅜	$1.50	—	3.8
43	28	Honeywell $1.50	41⅜	−½	$1.90	—	2.6
13⅜	750p	Hutton E.F.	12¾	+⅛	$0.68	—	3.0
216½	171	I.B.M. Corp. $5	213⅝	−1⅛	$11.52	—	2.6
46⅝	34	Ingersoll-R $2	45¾	.....	$3.00	—	3.8
17⅝	735p	Int. Systems & Con. $1	13¾	+⅛	25c	—	1.0
976p	705p	I. U. International	971p	+14	90c	—	5.2
27½	18	Kaiser Al. $½	27½	.....	$1.60	—	3.3
29⅛	20	Manf. Han. US$7.50	28⅞	−¼	$2.08	—	4.0
39⅛	26⅝	Morgan (JP) US$2.5	37¾	−⅝	$2.20	—	3.3
16⅞	12	Norton Simon Inc. $1	16xd	.....	£0¼	—	2.7
18	13½	Owens-Ill. $3.125	16⅛	−1⅛	h$1.06	—	3.7
18⅜	14⅛	Quaker Oats US$5	18⅜	.....	$1.04	—	3.2
26⅞	15⅝	Reliance $0.25	26⅞	.....	15c	—	—
27⅜	16¾	Rep. N.Y. Corp. $5	26¼	+1	$1.00	—	2.4
15¾	11	Rexnord $5	15¼	.....	80c	—	2.9
19½	14⅛	Richdsn.-Mrll. $1¼	18	.....	90c	—	2.8
576p	255p	Saul (S. F.) $1	536p	−18	—	—	—
27⅝	18½	Shell Oil $1	27	−⅝	h$1.60	—	3.3
18½	11⅞	Singer ($10)	18¼	−¼	60c	—	1.9
32½	22⅝	Sperry Rand $0.50	31¾xd	−¼	$1.12	—	2.0
31¾	18⅝	TRW Inc. $1¼	31¼	.....	$1.80	—	3.3
26⅛	18⅞	Tenneco	26	.....	$2.00	—	4.4
156	131	Do. 10% Ln. Stk. 91-95	153	−2	10%	—	f6.7
806p	505p	Tesoro Pt. US$0.16⅔	799p	−7	—	—	—
22	16½	Texaco $6.25	20⅝	−⅝	$2.00	—	5.6
38¼	22⅞	Time Inc.	37½	−½	$1.50	—	2.2
13⅛	865p	Transamerica $1	12¾xd	−¼	80c	—	3.5
34⅞	21¾	Utd. Tech. $US5	32⅞	−⅝	$2.00	—	3.5
23⅛	17¾	U.S. Steel $1	22	−½	$1.60	—	4.1
17	11½	Woolworths $3½	16½	.....	$1.40	—	4.8
40½	28⅞	Xerox Corp. $1	39⅛	−⅞	$2.00	—	2.9
635p	365p	Xonics Inc. 10c	635p	+20	7½c	—	0.7
13¾	10⅞	Zapata Corp. 25c	13	.....	s30c	—	1.3

S.E. List Premium 47⅞% (based on $US1.8285 per £)

Conversion factor 0.6768 (0.6771)

CANADIANS

1978 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
14⅞	10⅞	Bk. Montreal $2	13⅝	−⅛	$1.06	—	3.6
14⅝	10⅞	Bk. Nova Scotia $1	14⅛	−⅛	92c	—	3.0
39⅞	30¼	Bell Canada 25c	39⅞xd	+⅛	$4.2	—	4.9
18¾	12	Bow Valley‖	18½	.....	10c	—	0.3
12	825p	Brascan‖	12	.....	$1.00	—	3.9
20⅛	13⅝	Can. Imp. Bk. $2	19⅞	−⅛	$1.44	—	3.4
13⅛	955p	Can. Pacific $5	12⅞	+⅛	97c	—	3.5
37½	34	Do. 4pc Deb. £100	34	.....	4%	—	11.8
21⅞	16⅜	Gulf Oil Can.‖	19⅜	.....	$1.14	—	2.8
490p	315p	Hawker Sid. Can.‖	490p	.....	40c	—	3.9
23½	16⅞	Hollinger $5	23½	.....	$2.06	—	4.2
13¾	11¼	Hudson's Bay‖	13½xd	+⅛	69c	—	2.4
32¼	24⅞	Hud. B. Oil G. $2½	30	+⅝	$1.60	—	2.5
14¾	11½	Imperial Oil‖	13¼	−⅛	86.4c	—	3.1
13⅛	945p	Inco	13	+⅛	80c	—	2.9
775p	565p	Inl. Nat. Gas $1	750p	.....	80c	—	5.0
10⅞	610p	Massey Ferg.‖	830p	−20	—	—	—
28⅛	21⅛	Pacific Pet. $1	26⅝	+¼	86.4c	—	1.5
69p	50p	Place Gas $1	42p	+1	—	—	—
22⅞	15	Rio Algom	21⅞	.....	$1.08	—	2.4
21⅞	14⅞	Royal Bk. Can. $2	20⅞	−⅛	$1.46	—	3.3
19⅛	13⅛	Seagram Co. C$1	19	.....	92c	—	2.3
13¾	955p	Tor. Dom. Bk. $1	12¾	−⅛	80c	—	0.0
10¼	880p	Trans Can. Pipe	10⅛	.....	103c	—	4.7

S.E. List Premium 47⅞% (based on $2.0814 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
260	185	ANZ $A1	260	.....	Q012c	—	3.1	—

Hire Purchase, etc.

BUILDING INDUSTRY—Cont.

DRAPERY AND STORES—Cont.

ENGINEERING—Continued

HOTELS—Continued

1978 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
113	87	Grand Met. 50p	111	+2	4.25	2.9	5.8	9.1
90	75	Kursaal (M'lt.c25	90	.....	†Q40%	1.0	6.8	20.8
215	162	Ladbroke 10p	201	+1	7.0	3.8	5.3	7.3
18½	15	Mt. Charlotte 10p	17½	+½	0.49	3.3	4.3	(8.0)
210	180	Myddleton 50p	205	.....	F6.6	4.5	4.9	8.6
44	25	Norfolk Cap 5p	37	.....	0.6	3.3	2.5	15.8
46	36	North (M. F.) 10p	43	−2	0.91	ϕ	3.2	ϕ
165	76	Prince of Wales	165	+10	2.51	ϕ	2.3	ϕ
37	21½	Queen's Moat 5p	37	+2½	†d0.12	3.7	0.5	64.0
166	138	Rowton Hotels	158	+2	†5.7	1.9	5.5	15.1
78	64	Savoy "A" 10p	72	+2	1.12	4.7	2.4	12.4
39	30	Stakis (Reo) 10p	36	.....	1.04	3.5	4.4	9.9
13¾	9½	Swan Ryan Int. 5p	13¾	.....	ϕ‡1.25	‡1.0	‡	—
205	166	Trust H. Forte	205	+5	8.21	2.4	6.1	8.4
34½	22	Warner Hols. 'A' 10p	32½	−2	1.18	2.6	5.5	9.1
305	225	Wheeler's 10p	305	.....	†4.41	4.8	2.2	14.5

INDUSTRIALS (Miscel.)

1978 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
122	92	A.A.H.	101	+2	td6.05	2.2	9.1	7.4
*99	79½	AGB Research	92	.....	K3.4	2.1	5.6	13.8
65	52	Aaronson Bros. 10p	65	+1	1.97	4.8	4.6	(6.1)
42	35	Abbey Ltd.	39	+1	†Q1.0	—	2.6	—

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

هكذا ملئ الأجل

هكذا مات الأجل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	178	......	Q50c	1.3	24.0
24	17	Rhod'n Corp. 16⅔p	19	......	0.56	ϕ	4.5
73	52	Roan Cons. K4	68	+3	—	—	—
147	122	Tanganyika 50p	146	+1	Q11.0	1.1	7.5
80	79	Do. Pref. 80p	80	......	Q9%	16.4	9.0
41	32	Wankie Col. Rh.1	37	−1	†Q7½c	1.4	17.3
14	10	Zam.Cpr.SBD0.24	14	+½	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
12	10	Acmex 25c	10	......	—	—	—
113	64	Bougainville 50Toea	104	......	Q8c	1.4	4.8
78	63	EH South 50c	74	−1	—	—	—
217	148	Conzinc Riotinto 50c	204	−6	Q10c	2.2	3.1
72	48	G.M. Kalgoorlie $1	50	......	—	—	—
136	91	Hampton Areas 5p	126	......	1.45	4.1	1.7
17	10	Metals Ex. 50c	13	......	—	—	—
187	125	M.I.M. Hldgs. 50c	175	−2	Q9c	1.7	3.2
24	10	Mount Lyell 25c	22	−1	—	—	—
2¾	1½	Newmetal 10c	2¾	+¼	—	—	—
112	79	North B. Hill 50c	106	......	Q8c	1.5	4.7
11½	8½	Nth. Kalgurli	9½	......	—	—	—
156	117	Oakbridge $A1	150	......	†Q11c	1.9	4.6
40	30	Pacific Copper	34	......	—	—	—
£11¼	750	Pancont'l 25c	£11	−¼	—	—	—
18½	12	Paringa M&Ex.5p	17	−½	—	—	—
480	310	Peko-Wallsend 50c	445	−7	Q15c	4.0	2.1
122	84	Westn. Mining 50c	116	−1	Q6c	1.4	3.2
50	35	Whim Creek 20c	40	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	24	......	†2.51	1.6	15.9
315	240	Ayer Hitam $M1	315	......	‡Q4¼c	0.9	‡
55	45	Beralt Tin	52	......	3.75	ϕ	11.5
265	209	Berjuntai $M1	265	......	‡Q110c	ϕ	‡
140	111	Geevor	140	......	18.05	3.4	19.5
10	8½	Gold & Base 12½p	9½	......	—	—	—
270	220	Gopeng Cons.	235	......	15.0	0.9	9.8
160	130	Hongkong	160	......	—	—	—
93	78	Idris 10p	80	......	7.5	ϕ	14.2
11	10	Jantar 12½p	11	......	—	—	—
73	68	Kamunting $M0.50	69	......	ZQ15.5c	0.7	4.8
460	450	Killinghall	460	......	Q125	ϕ	27.2
325	280	Malay Dredging $M1	325	+5	†Q95c	0.8	6.3
54	40	♦Pahang	54	......	‡Q3.75c	0.5	‡
58	50	Pengkalen 10p	57	+2	6.5	1.3	17.3
193	165	Petaling $M1	193	+3	mQ12½c	10.9	1.4
61	49	Saint Piran	57	+1	£1.99	4.6	5.3
61	47	South Crofty 10p	57	+1	b4.13	1.5	11.0
180	140	South Kinta $M0.50	180	......	‡Q77.8c	1.4	9.3
260	230	Sthn Malayan $M1	260	+5	‡Q131.3c	1.1	10.8
195	134	Sungei Besi $M1	195	+5	—	—	—
72	55	Supreme Corp. $M1	72	......	ZQ10c	—	3.0
100	85	Tanjong 15p	90	......	6.5	ϕ	10.9
95	74	Tongkah Hrbr. $M1	95	......	Q6.8c	1.6	12.9
192	148	Tronoh $M1	190	......	ZQ58c	ϕ	10.0

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
96	70	Messina R0.50	87	......	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
16	9	Burma Mines 17½p	16	......	—	—	—
300	220	Cons. Murch. 10c	245	......	Q30c	2.6	7.3
385	245	Northgate C$1	360	......	—	—	—
210	164	R.T.Z.	204xd	+9	9.5	2.8	7.1
46½	30	Sabina Inds. C$1	33	−1	—	—	—
£11	750	Tara Exptn. $1	£10½	......	—	—	—
45	43	Tehidy Minerals 10p	43xd	......	1.33	ϕ	4.7
162	120	Yukon Cons. C$1	153	−1	Q7c	ϕ	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ *Merger bid or reorganisation in progress.*
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u *Forecast dividend: cover based on previous year's earnings.* v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 42

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £300 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	22	......
Bdg'wtr. Est. 50p	270	......
Clover Croft	22	......
Craig & Rose £1	415	......
Dyson (R. A.) A	40	......
Ellis & McHdy	65	......
Evans Fr'k. 10p	57¢	......
Evered	13½	......
Fife Forge	50	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	150	......
Higsons Brew	82	−1
I.O.M. Stm. £1	145	......
Holt (Jos.) 25p	252	......
N'thn. Goldsmith	55	......
Pearce (C. H.)	130	......
Peel Mills	19	......
Sheffield Brick	48	......
Sheff. Refrshmt.	52	+2
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82	£93	−¼
Alliance Gas	75	+5
Arnott	320	......
Carroll (P.J.)	88	......
Clondalkin	97	−3
Concrete Prods.	128	......
Heiton (Hldgs.)	44	+2
Ins. Corp.	148xc	......
Irish Ropes	123	......
Jacob	65	......
Sunbeam	32	......
T.M.G.	190xd	+9½
Unidare	95	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	23	Tube Invest.	30
A. Brew	6½	"Imps"	7	Unilever	40
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	7	Vickers	15
Babcock	10	KCA	5	Woolworths	6
Barclays Bank	25	Ladbroke	17		
Beecham	30	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	5
B.A.T.	24	"Lots"	5	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	7	Land Secs.	18
Burton 'A'	13	Lucas Inds.	25	MEPC	12½
Cadburys	5	Lyons (J.)	13	Peachey	10
Courtaulds	10	"Mums"	7	Samuel Props.	10
Debenhams	12	Mrks. & Spncr	11	Town & City	2
Distillers	13	Midland Bank	25		
Dunlop	8½	N.E.I.	20	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	35
E.M.I.	18	Do. Warrants	10	Burmah Oil	7
Gen. Accident	17	P & O Dfd.	10	Charterhall	3½
Gen. Electric	18	Plessey	9	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	22
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	18	Reed Intl.	14	**Mines**	
Guardian	18	Spillers	4		
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sidd.	20	Thorn	22	Cons. Gold	20
House of Fraser	12	Trust Houses	15	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday May 5 1978

CHAIRMAN REJECTS INVESTIGATION BY AUDITOR-GENERAL

NEB may face political row

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE POSSIBILITY of a major political row developing over the Parliamentary accountability of the National Enterprise Board increased yesterday, when Sir Leslie Murphy, the Board's chairman, warned that he could not operate effectively if the Comptroller and Auditor-General investigated his work.

The issue was raised on Tuesday night at a hearing of the Commons Public Accounts Committee, and last night Conservative MPs were forecasting that Sir Leslie would come in for tough questioning again at a further meeting of the committee on Monday.

The committee wants the Auditor-General, who is responsible for carrying out its investigations, to have access to the books of the Board.

With some £1bn. of public funds, the Board now accounts for about 30 companies with 300,000 employees. But Sir Leslie said yesterday that such an audit would impair the Board's ability to operate commercially within its clearly defined responsibiliteis.

The issue has developed at a politically sensitive time for the Board, which has been making some progress recently in persuading Conservative leaders that it should not be abolished if the party wins the next General Election.

It coincides with publication of the Board's annual report, which shows improving results for many of its investments with an overall pre-tax profit, excluding the special problem area of British Leyland, of £34.3m. in 1977.

Detailed

The report also contains a detailed statement of the Board's investment and managerial policies.

There is now growing confidence within the Board about its viability, and Sir Leslie is specially concerned that differences between the policies of political parties should not upset its operations.

In his annual report he says that "the lack of consensus between the main political parties concerning industrial policy may have contributed to some extent to the poor performance of the U.K. in the last 30 years."

Yesterday, he added that the Board was continuing talks started in recent months with Conservative leaders in an attempt to reach "a consensus" on the Board's future.

The row simmering over the rôle of the Auditor-General may damage the prospect of such a consensus.

Although he was careful not to threaten to resign over the issue, Sir Leslie made it clear yesterday when he launched the Board's annual report that he would have to reconsider his position should such an audit take place.

Argument

"I am not going to get into a further argument about whether our investments or forecasts are right," Sir Leslie said. He stressed that he was already "completely accountable" to the Secretary for Industry for running "a commercially operated company with public money" according to guidelines approved by Parliament.

The idea of an investigation by the Auditor-General "horrified" him. Such an investigation would require Parliamentary approval but, if it were to happen, he would find it difficult to operate as chairman.

The general investment policy that has been developed by the Board since Sir Leslie took over as chairman from Lord Ryder last summer normally involves investments of not less than £100,000, according to the annual report. Generally the Board expects to have an equity stake of not less than 20 per cent.

It has "a firm policy of not interfering in matters of day-to-day management," but it sets up a system of agreed regular reporting from the company.

It also usually requires a five-year strategic plan, revised each year, and the management to appoint one or more directors to the company's Board.

In some cases it also wants to approve certain senior management appointments.

These criteria, set down for the first time in the annual report, have emerged in the Board's dealings with companies as diverse as British Leyland and Fairey Engineering.

Editorial Comment, Page 20: Rolls-Royce backed, Page 6; NEB holdings, Page 26

U.S. wholesale price rise is biggest for three years

BY JUREK MARTIN, U.S. EDITOR — WASHINGTON, May 4.

U.S. wholesale prices recorded the biggest rise for well over three years last month, once again highlighting the growing national debate over the inflationary threat to the economy.

The Producer Price Index for Finished Goods—successor to the old wholesale price index—rose by 1.3 per cent. in April.

This is more than double the 0.6 per cent. increase of March and the biggest monthly increase since November, 1974

Although food was once again the major factor, rising by 1.9 per cent. in the month, the rate of increase in the prices of other goods doubled to 1 per cent. in April.

The Labour Department took the unusual step of pointing to one specific case, noting that the increased price of jewellery alone, stemming from the surge in gold prices so far this year, had accounted for 0.3 per cent. of the overall rise in the index last month.

Over the first four months of the year, wholesale prices, as measured by the new index, have been rising at an annual rate of about 10 per cent., clearly a disturbing level.

Wall Street was sufficiently impressed this morning for the Dow Jones Industrial Average to fall by over 10 points in the first hour, though a subsequent rally later nearly halved the initial loss.

In a speech to the National Press Club on Tuesday, Mr. Charles Schultze, chairman of the Council of Economic Advisers, said that he thought the underlying inflation rate in the economy was now running in the 6½-7 per cent. a year range.

This, because of rising food prices, might get rather worse in the short term before settling down later in the year.

He did not even hint at any change in the Administration's anti-inflationary policies and argued strongly that the tax cut package, which some see as inflationary, should be retained if reasonable economic growth was to be achieved.

He maintained that abandoning the tax package would have only the smallest favourable impact on the rate of inflation.

To-day's figures, however, may strengthen the position of those inside the Administration who believe that a more vigorous sectoral approach to inflation may be called for.

One such advocate, Mr. Barry Bosworth, head of the Council on Wage and Price Stability, said earlier this week that corporate records would be supoenaed and professional fees scrutinised as part of the anti-inflationary drive.

He also urged corporate executives to restrict themselves to 5 per cent. pay increases this year. Mr. Bosworth's approach may gain some support.

Mr. G. William Miller, new chairman of the Federal Reserve, has already pushed up interest rates and called for a reduction in the Federal Budget deficit.

He has also urged that the tax package implementation be delayed by three months from its planned October inception.

Money supply Page 4

Exporters to Japan have more chances now, Fukuda claims

BY STEWART FLEMING — NEW YORK, May 4.

MR. TAKEO FUKUDA, the Japanese Prime Minister, claimed to-day that opportunities for exporting to Japan were now greatly expanded and that "the Japanese market is about as open and accessible as the U.S."

In what was billed as an important foreign policy speech in New York, Mr. Fukuda called on the Americans to respond to the recent lifting of some Japanese import restrictions by redoubling their efforts to promote American exports to Japan.

He stressed that he counted on continuing U.S. leadership in areas such as currency stabilisation and the efficient utilisation of energy resources.

Mr. Fukuda's remarks contrasted with a lengthy statement in the New York Times on Sunday by Mr. Anthony M. Soloman, the U.S. Under-Secretary for Monetary Affairs at the Treasury.

Mr. Soloman said: "In spite of the recent pledge by Japan to ease import restraints on certain products of special interest to the U.S., several restrictions continue to limit potential American exports to that country."

He listed these as higher Japanese tariffs on manufactured goods, high protective tariffs on such items as computer equipment and strict Government procurement rules.

Mr. Fukuda's remarks to-day underlined the modest progress made yesterday in his talks with President Carter in Washington.

Mr. Carter commented subsequently that the talks had gone well. However, while it was clear that the discussions were less abrasive than earlier sessions, neither side was completely satisfied with the outcome.

Mr. Fukuda reiterated to-day the Japanese commitment to a target of 7 per cent. real growth this year, which he said was "far higher than the growth target of any other developed economy."

The Japanese Prime Minister announced that his country would aim to double its aid to developing countries in three years instead of the five originally planned. It would also improve further the terms and conditions of this aid.

Mr. Fukuda placed considerable emphasis on the steps Japan had already taken to contribute to world economic stability.

"Japan's contributions include the effort to expand domestic demand by speeding our economic recovery and thus indirectly to buoy up the world economy. Despite obvious difficulties we have adopted a highly stimulatory national Budget depending as much as one third on a bond-financed deficit."

He stressed the importance of Japanese-U.S. co-operation, which he said was virtually a precondition for the success of the multilateral trade negotiations and the July economic summit.

Underlining this view he called for new initiatives in the area of science and technology and outlined specific proposals he had put to President Carter.

He said he had suggested that Japan and the U.S. should establish a joint fund for the advancement of science and technology to serve as a framework for international co-operation in these areas.

He suggested "nuclear fusion and solar energy as particularly useful areas for joint research and development, since both are considered to be ultimate energy sources for the future."

Union plans anti-EEC move

BY PAULINE CLARK, LABOUR STAFF

LEFT-WINGERS in the Association of Scientific, Technical and Managerial Staffs plan to back Labour candidates for the European Parliament who are in sympathy with the union's anti-Common Market policy.

The plan, set out in a paper by ASTMS, is to be put to the union's annual conference later this month.

The union said yesterday that it hoped to form a Parliamentary Committee in Brussels similar to the union's committee of 30 MPs at Westminster.

The union establishes close contact with these MPs, from whom it seeks representation and support on matters closely affecting its members.

Mr. Roger Lyons, ASTMS national officer, said last night that the MPs who would be put up for election by the union under the proposals would not necessarily be anti-Common Market. But the union would back those who were opposed to any further strengthening of the powers of the European Parliament.

The union has made clear its anti-EEC policy and its plan to back selective candidates is its way of making the best of the situation.

Mr. Lyons said that the union was worried about the number of directives going through Brussels, which closely affected union members' livelihoods.

The union would be in Brussels on May 21 to fight plans for unifying oil refinery policies.

It was also concerned about the imposition by Brussels of qualifications required for its members working in pharmaceutical laboratories and factories.

Speke offered better pay-offs

BY ALAN PIKE, LABOUR CORRESPONDENT

BRITISH LEYLAND yesterday offered revised redundancy terms to the 3,000 men who will lose their jobs at the Speke assembly plant this month, but made them conditional on the peaceful closure of the factory.

The company said that if there is opposition to the closure on May 26, or to plans to transfer TR7 production to the Midlands, only statutory requirements under the Redundancy Payments Act and money in lieu of notice will be paid.

Under yesterday's new scheme plans for long-term financial support and relocation allowances will be replaced by an additional ex-gratia payment of 12 weeks pay for all employees. This, says Leyland, represents an average increase of about £900.

The immediate reaction on Merseyside last night was that the new redundancy terms were little better than the company's original offer. It seems likely that they will be rejected at to-morrow's mass meeting at Speke.

About 500 workers at Leyland's Longbridge, Birmingham, plant were laid off last night because of disputes at the Castle Bromwich body plant, where 4,000 are idle.

Terry Dodsworth adds: The group clarified its attitude towards political contributions and commission payments in a statement yesterday which says that it will not make payments to Government officials and that commissions must be "commensurate with the services performed."

This firm policy guideline, given in the 1977 report and accounts, follows the "slush fund" row over alleged commission payments last year.

The commitments, which include obedience to the laws and regulations of every country, and a ban on political contributions, were "reviewed and re-affirmed" last year, says the group.

The accounts, which the auditors have signed only on the basis that "adequate" Government finance will be made available, show that the company paid £110,000 in compensation to former directors last year.

It is proposed to confine the Leyland name to the trucks range and to change the group's name to BL Ltd. A new plain logo without the Leyland initial has been designed for the group.

Leyland's new foundry chief, Page 6

British Rail 'needs to replace assets'

BY IAN HARGREAVES AND PAUL TAYLOR

BRITISH RAIL is running into a serious problem of aset replacement and will need to increase investment by 30 per cent. a year in the decade from 1981, Mr. Peter Parker, the railways chairman, said yesterday.

This was the long-term challenge facing Government and the industry, he said, presenting an annual report which showed better results for most of British Rail's activities.

The passenger side of the railways saw a 3 per cent. increase in traffic last year, while rail freight, despite slightly reduced volume, cut its operating loss from £27.5m. in 1976 to £5.5m.

Overall British Rail returned a net operating surplus, after grants, of £27m., against £5.3m. a year before. Turnover as a whole was up by 16 per cent. at £1.7bn.

Mr. Parker said that the longer investment was frozen at about £280m. a year, the steeper would be the climb to catch up on arreas of maintenance. Over 75 per cent. of diesel and electric multiple unit trains, the work-horses of non-express services, are over 16 years old.

On fares, Mr. Parker said there would be an autumn review and this is thought likely to lead to a January increase.

Whether London commuters will face higher-than-average increases again next year remains unresolved, though indications yesterday were that British Rail still insists that the Government pay extra grant to cover any artificial ceiling on these fares.

**Details of report, Page 7
Editorial Comment Page 20**

Hattersley criticised over 1975 'cod war'

BY CHRISTOPHER PARKES

MR. ROY HATTERSLEY, the Prices Secretary, was given a public ticking-off by an all-party Commons committee yesterday for his handling of the 1975 "cod war" with Iceland, when he was a junior Minister at the Foreign Office. In a report on the decline of the fishing industry, the Commons Expenditure Committee also accuses the Foreign Office in general of having been "unaware" of the importance of the fishing industry to Britain.

The Common Market's fishing policy comes under fire, too, while the Government's stubbornness in the present attempts to revise it are singled out for praise.

The report says that Mr. Hattersley did not take enough account of evidence which showed Icelandic fish stocks falling to dangerous levels.

Had he paid closer attention "he would surely have accepted the need for a heavy cutback in the British fishing effort in Icelandic waters and could have negotiated accordingly."

This would have avoided at least in part, the "traumatically sudden loss of access to fishing grounds" suffered by the trawler fleets of Fleetwood, Grimsby and Hull.

Fish deal with Norway, Page 41

Rhodesia peace bid to continue

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE BRITISH and American Governments are to continue with their efforts to convene a round-table conference on Rhodesia by sending what would appear to be a semi-permanent mission of officials to Africa to negotiate with the warring parties in the Rhodesian dispute.

Dr. David Owen, the Foreign Secretary, told the Commons yesterday that if the U.K. and the U.S. gave up their efforts to negotiate a settlement in Rhodesia, there might even be a civil war between black nationalist groups.

Despite the continuing opposition of most of the Rhodesian parties to the idea of a round-table conference, Dr. Owen said that Mr. John Graham, deputy Under-Secretary at the Foreign Office, and Mr. Stephen Low, U.S. Ambassador to Zambia, would stay on their new African mission "for as long as is necessary" to carry out the preparatory work for round-table talks.

These talks, which should be held "at the earliest possible moment," would be attended by all the parties concerned, by Dr. Owen and by Mr. Cyrus Vance, the U.S. Secretary of State.

Warning of the dangers of a rapid worsening in the "bloody" war in Rhodesia, Dr. Owen endeavoured to ut a brave face on the prospects for an ultimate agreement.

There was now more common ground, he believed, between the signatories to the internal settlement and the externally-based Patriotic Front alliance.

These included the recognition of the need for the integration of the guerrilla forces in a new Zimbabwe army, some areas of agreement on a governing council during the transition to independence and the greater possibility of agreement to a UN presence in Rhodesia during that transition.

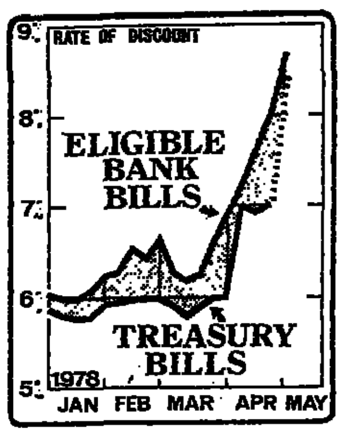
However, from the tenor of his remarks yesterday, it was clear that Dr. Owen now recognises that earlier Anglo-American hopes of convening a conference within weeks cannot now be realised.

Inside Rhodesia's guerrilla-land, Page 20; Parliament, Page 9

THE LEX COLUMN

Ending the MLR uncertainty

Index rose 2.7 to 474.6



Money Market opinion last night was tending to settle around 9 per cent. as the right level for Minimum Lending Rate. Arguably, this is a little higher than is really justified, but the discount houses never like to do things by halves, preferring to hoist rates to a level from which they are at least as likely to fall as to rise still further. In the interests of selling gilts, too, the Government will be seeking to establish that rates have reached at least a near term peak, and a new short tap is likely to make an early appearance to confirm the new yield levels. But it could be that the authorities will wait for calmer conditions (on Monday, say) rather than rush out a tap this afternoon.

If MLR moves as expected it will be an unequivocally favourable development for the Stock Market. Much better an adjustment now than that the market should have to live with the fear of a sharper rise in the autumn, perhaps after an election. The contrast with the 6½ per cent. MLR ruling before the Budget underlines, however, the financial risks which the Government has been taking. The crucial question now is whether the trade figures will show an improvement.

Sears Holdings

Shares of Sears Holdings rose 5p last night to a five-year high of 71½p, though in fact pre-tax profits of £65.5m. (up from £42.5m.) do not appear to be greatly in advance of recent expectations. A major factor was the loss elimination in the U.S. after the disposal of the Highlander knitwear business: the remaining U.S. interests produced a second half trading profit, and the overall loss reduction for the year was £8.4m. (the residual loss of £1.26m. should be turned into a profit of £2m. or so this year). And in the U.K. the footwear division scored a one-third second half advance thanks to favourable (that is, bad) autumn and winter weather and signs of better consumer demand for the lower priced items. Experience elsewhere in U.K. retailing was mixed, however. Selfridges advanced from trading profits of £10.5m. to £13m., but even here trade slowed after the tourists left in October, and the provincial Lewis's chain suffered a setback from £3.5m. to £2m.

Better consumer spending prospects for 1978-79 encourage hopes of progress here, however, and the betting side also has scope for recovery after a poor second half. So with Sears capable of producing over £80m. pre-tax this year the shares look sound value on a fully taxed historic p/e of 11.

Mothercare

Mothercare yesterday joined the band of retailers for whom the past year's trading has not lived up to most expectations. Analysts had hoped for profits as high as £15m. pre-tax, but the best Mothercare could produce was a 16 per cent. improvement at £13.9m., after the 26 per cent. half-way increase. A sharp fall off in investment income from £832,000 to £297,000, adverse exchange differences of £212,000, stock markdowns—up 100 per cent. at a cost of £1.6m.—and U.S. losses of £281,000 are the main factors here.

In the U.K., however, Mothercare is still showing useful volume growth. Of the 26 per cent. increase in U.K. sales to £88.7m. the company says existing space accounted for 8.7 per cent. additional volume, with most of this coming from the increasingly popular 5-to-10 range. New space brought in a further 2.3 per cent., while price rises were just over 15 per cent. Europe showed good progress, though currency movements mean profits are unchanged at £1m. But in the U.S. things have not been easy and Mothercare now talks of 1980 before breaking even. Still, current year profits should be around £17m., putting the shares on an undemanding prospective p/e of just under 12.

Nat. & Commercial

A mere 15 per cent. drop in National and Commercial Banking Group's interim pre-tax profits to £26.3m. is no mean feat given that the group's average base rate slumped from 13.02 per cent. to 6.56 per cent., that there was only a fractional improvement in margins and lending remained sluggish. However, the shares closed unchanged at 75p where they yield 5.3 per cent.

At the operating level profits were over a fifth lower and had it not been for an extra £1m. from the associates, principally, Finance for Industry and Lloyds and Scottish, the out-turn at the pre-tax level would have been less impressive. The adverse impact of lower interest rates was obviously offset to some extent by the 30 per cent. or so increase in commissions and fees in 1977. But this is not going to be repeated this year, and in the absence of a sustained upturn in bank lending it looks as though the group's overall profits will be of the order of £60m. (against last year's £64.1m.) even after base rates are jacked up next week.

UDS

Profits from UDS rose by £3m. to £19.2m. in 1977-78 and the previous peak of £25.7m. (reached in 1974-75) could well be passed this year. Production of men's suits is now in balance with the group's retail requirements—it retains only two factories, compared with seven a few years ago—and menswear sales have been rising by over a fifth in recent weeks. With an improving trend in women's clothing and a turnround of about £1m. likely to follow from the run-down of Swears at Wells, profits from the multiple shop division should be significantly ahead of last year's return of very roughly £9¾m.

Sales are also picking up fast in the department stores, which made profits of about £7m. last time. They could be up by about a quarter so far this year.

However, recovery hopes are already in the share price at 92p. Anxious to rebuild its dividend cover of 1.7 times, UDS has only put the net payment up by 6 per cent., leaving a yield of 8.7 per cent. and a fully taxed p/e of over 14.

Weather

U.K. TO-DAY

SOME rain in most areas.

London, E. Anglia, S.E., Cent. S. England, Midlands, Channel Isles
Outbreaks of thundery rain. Max. 16C (61F).

E., N.E., Cent. N. England
Showers. Max. 13C (55F).

W. Midlands, S.W. England, S. Wales
Bright intervals, showers. Max. 14C (57F).

N. Wales, N.W. England, Isle of Man, S.W. Scotland
Mostly dry, bright intervals. Max. 12C (54F).

Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Cent. Highlands, Moray Firth, N.E. Scotland, Orkney, Shetland
Outbreaks of rain, brighter later. Max. 8C-10C (46F-50F).

Outlook: Becoming mainly dry in W. Further rain in E. Generally rather cold.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsterdm.	S	17	63	Madrid	R	9	48
Athens	S	21	70	Manchstr.	C	14	57
Bahrain	S	32	90	Melbourne	S	20	68
Barcelona	F	16	61	Milan	F	19	66
Belfast	C	11	52	Montreal	S	10	50
Belgrade	S	19	66	Moscow	R	13	55
Berlin	S	16	61	Munich	S	17	63
Birmghm.	C	13	55	Newcastle	C	15	59
Bristol	R	12	54	New York	S	13	55
Brussels	S	19	66	Oslo	F	13	55
Budapest	F	17	63	Paris	S	21	70
B. Aires	S	20	68	Perth	F	21	70
Cairo	S	31	88	Prague	S	17	63
Cardiff	F	15	59	Reykjavik	C	4	39
Chicago	C	8	46	Rio de J'o	S	29	84
Cologne	F	18	64	Rome	S	21	70
Copnhagn.	S	12	54	Singapore	S	31	88
Dublin	C	13	55	Stockholm	S	14	57
Edinbrgh.	F	10	50	Strasbrg.	C	17	63
Frankfurt	C	17	63	Sydney	F	22	72
Geneva	S	17	63	Tehran	S	22	72
Glasgow	C	11	52	Tel Aviv	S	22	72
Helsinki	S	14	57	Tokyo	C	23	73
H. Kong	C	25	77	Toronto	S	9	47
Jo'burg	S	22	72	Vienna	S	17	63
Lisbon	F	14	57	Warsaw	S	13	55
London	C	17	63	Zurich	S	18	64
Luxmbrg.	F	16	61				

HOLIDAY RESORTS

Ajaccio	S	19	66	Jersey	S	17	63
Algiers	S	21	70	Las Plms.	F	20	68
Biarritz	C	14	57	Locarno	C	15	59
Blackpool	F	11	52	Majorca	S	25	77
Bordeaux	R	16	61	Malaga	C	16	61
Boulogne	C	16	61	Malta	F	20	68
Casablnca.	C	17	63	Nairobi	C	18	64
Cape Town	S	20	68	Naples	S	21	70
Corfu	S	20	68	Nice	S	17	63
Dubrovnik	C	17	63	Nicosia	S	21	70
Faro	C	14	57	Oporto	R	9	48
Florence	F	20	68	Salzburg	S	18	64
Funchal	F	18	64	Tangier	R	12	54
Gibraltar	F	16	61	Tenerife	C	15	59
Guernsey	S	16	61	Tunis	S	24	75
Innsbruck	S	19	66	Valencia	C	19	66
Inverness	C	9	48	Venice	S	18	64
I. of Man	F	10	50				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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